Adoption of corporate social responsibility in least developed countries-comparative case studies research in the Ethiopian brewery sector
Elifneh, Yohannes Workeaferahu

Document version:
Publisher's PDF, also known as Version of record

Publication date:
2017

Link to publication

Citation for published version (APA):

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.
- Users may download and print one copy of any publication from the public portal for the purpose of private study or research
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Take down policy
If you believe that this document breaches copyright, please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 26. Jan. 2019
Adoption of Corporate Social Responsibility in Least Developed Countries - Comparative Case Studies Research in the Ethiopian Brewery Sector
Promotores: Prof. dr. G.M. Duijsters
Prof. dr. R. Jeurissen
Prof. dr. T.E. Lambooy

Overige leden van de promotiecommissie:
Prof. dr. R.J. Blomme
Dr. T. Goessling
Prof. dr. N.M.C.P. Jägers
Prof. dr. A.C. Meijdam
Prof. dr. ir. A. Nijhof
Corporate Social Responsibility (CSR) is one of the least explored subjects in the context of the Least Developed Countries (LDCs). Most CSR studies that have been undertaken in the past dominate in demonstrating CSR practices from the developed part of the world. There is a dearth of academic CSR research based on empirical evidence from the developing world. In view of this, there has been a repeated call from CSR scholars for more CSR studies from this part of the developing world since there is no substantial evidence and study about CSR in the developing world based on empirical studies.

This empirical research investigates the implementation of CSR practices in the context of a least developed country with focus on companies in the brewery sector in Ethiopia. Hence, the finding of this research will contribute to the knowledge and understanding of the subject of CSR and its application by (international) companies operating in the context of a developing country, where there is little/no hard law enforcing the application of CSR. In other words, these empirical case studies bring forward what CSR practices are undertaken, why are the local (subsidiary) companies engaging in CSR, what are the benefits and barriers of implementing CSR in the LDC/study context, and how are the international companies implementing their global CSR strategies and ambitions in the local context taking the case of the brewery sector in Ethiopia. This sector is chosen for the empirical research because there are prominent international breweries operating in the local context. Moreover, the breweries belong to the alcohol industry, and such is one of the controversial industries due to the nature of the alcoholic products it produces.

In brief, this dissertation is the product of an academic research concerning a challenge, whereby the issue is how the CSR strategy of an (international) company can be implemented by the local management in a specific sector (the brewery sector in Ethiopia). Given the importance to contribute to theory in academic research on CSR based on empirical evidence from the developing world and the lack thereof with respect to CSR studies from this part of the world, the study will be a contribution to the CSR domain both theoretically and empirically.
Acknowledgements

First and foremost, I would like to thank Lord Jesus for all the opportunities and guidance He has offered me throughout my life. I am grateful for the wisdom, patience, strength, and commitment I was bestowed during the challenging but interesting journey of completing a PhD project.

Next, there are highly esteemed individuals whose contribution to this PhD dissertation was indispensable. In this regard, a special word of thanks goes out to my supervisors for their support, wise comments, and enthusiasm throughout this project. I would like to take this opportunity to respectfully say thank you to Professor dr. Ronald Jeurissen, Professor dr. Tineke Lambooy, and Professor dr. Geert Duijsters. I consider myself very lucky to have the chance to work under your excellent supervision and guidance. I also would like to extend my heartfelt gratitude to the members of the PhD committee who spent their precious time reading the manuscript and offering sharp and constructive comments to improve the thesis. In view of this, I would like to say thank you very much to Professor dr. Robert Jan Blomme, Dr. Tobias Goessling, Professor dr. Nicola Jägers, Professor dr. A. C. (Lex) Meijdam, and Professor dr. Andre Nijhof.

I am hugely thankful to my family for their unwavering encouragement and support they extended to me throughout my study and beyond. An exceptional heartfelt gratitude and expression of affection is due to my lovely wife, Helen, and our beloved daughter, Rediet. I am also immensely thankful to my father, brothers, sisters, and all my in-laws.

I am also very much indebted to my mother – Selamawit Seyoum, the kindest and the most courageous person that I have ever known. I always cherish her affection and the passionate commitments she made to raise me up against all odds. I will never forget her selfless devotion to see me grow and succeed in my education too. Her contribution to my growth as a person is gratefully remembered here. In view of this, I would like to dedicate this work to my mother in her loving memory.

My sincere thanks also goes to Dr. Bertha Vallejo for her authentic commitment to smoothly run the NICHE/ETH/020 project, which sponsored my study. I would like to express my indebtedness to her genuine support throughout the study. My gratitude
Acknowledgements

is also due to other members of the project, particularly to Ilse Souhail and Kristína Melicherová for their kindness and unwavering support.

Finally, a particular gratitude is due to highly esteemed colleagues who assisted me in proof reading the earlier version of the thesis and help edit the work, including Sander, Sacha, Rosalien, Vikas, Jackline, and of course, the professional editor - Shannon Morales. My appreciation is also due to every interviewee who had been willing to participate in the study after few rounds of discussion and persuasion that assured them of high level of anonymity and confidentiality due to evident challenges that exist in the local context - lack of transparency, fear of the very notion of being interviewed, and fear of subsequent consequences of the report. In view of this, I would like to extend my indebtedness to all individuals who contributed, supported, and participated in this research project in one way or another.
## Contents

Preface ................................................................................................................................. i

Acknowledgements................................................................................................................ ii

Contents ................................................................................................................................ iv

Acronyms ............................................................................................................................... xi

List of Tables .......................................................................................................................... xiii

List of Figures ........................................................................................................................ xiv

PART 1 ....................................................................................................................................... 1

CHAPTER 1: INTRODUCTION ............................................................................................... 1

  1.1. Overview ......................................................................................................................... 1

  1.2. Background of the Study ............................................................................................... 3

  1.3. Problem Statement ......................................................................................................... 4

  1.4. Research Objective and Issue ....................................................................................... 5

  1.5. Motivation of the Study ................................................................................................. 6

  1.6. Scope of the Study ......................................................................................................... 9

  1.7. Structure of the Dissertation ......................................................................................... 10

  1.8. Chapter Summary and Introduction to the Theoretical Underpinnings of the Research Questions ................................................................................................................. 12

CHAPTER 2: THE INSTITUTIONAL AND LEGISLATIVE CONTEXT IN ETHIOPIA .......... 29

  2.1. Overview ......................................................................................................................... 29

  2.2. Socio-Cultural, Political and Economic Context .......................................................... 29

      2.2.1. Demographic, cultural and religious background .................................................. 29

      2.2.2. Historical background and government transitions .............................................. 30

      2.2.3. Government ambitions ......................................................................................... 31

      2.2.4. Economic context ................................................................................................. 32

      2.2.5. Ecological context ................................................................................................. 34

      2.2.6. CSR in Ethiopia .................................................................................................... 35
2.3. Legislative Context - The Legal and Business Context .......................................................... 37

2.3.1. Relevant articles from the Ethiopian Constitution .......................................................... 37

2.3.2. The national social protection policy .............................................................................. 39

2.3.3. Environmental protection laws (including endorsed international and regional conventions) .................................................................................................................. 40

2.3.3.1. Environmental impact assessment proclamation No.299/2002 .................................. 41

2.3.3.2. Environmental pollution control proclamation No. 300/2002 ................................. 41

2.3.3.3. Solid waste management proclamation (No. 513/2007) ........................................ 41

2.3.3.4. Prevention of industrial pollution .............................................................................. 42

2.3.4. Labor laws (including endorsed ILO conventions) ....................................................... 43

2.3.5. Human right laws (including endorsed international conventions) ............................. 46

2.3.6. Broadcasting services and advertisement laws ............................................................. 46

2.3.7. Ethics and anti-corruption laws ..................................................................................... 48

2.3.8. Bilateral investment treaties (BITS) and other international investment agreements (Other IIAIS) ........................................................................................................ 49

2.3.9. Adopted investment-related instruments ....................................................................... 50

2.4. Chapter Summary ............................................................................................................. 51

PART 2 ........................................................................................................................................ 53

CHAPTER 3: LITERATURE REVIEW ......................................................................................... 53

3.1. Overview ............................................................................................................................. 53

3.2. Meaning of CSR ................................................................................................................ 53

3.3. Span or Dimensions of CSR ............................................................................................ 54

3.4. Global CSR Initiatives ....................................................................................................... 57

3.4.1. The UN Global Compact ............................................................................................... 57

3.4.2. OECD Guidelines for Multinational Companies ........................................................... 58

3.4.3. The Ruggie Framework ................................................................................................. 58

3.4.4. ILO Declarations (Labor Rights) ................................................................................ 60

3.4.5. ISO 26000 ....................................................................................................................... 62

3.4.6. The CEO Water Mandate ............................................................................................. 63
3.5. Motivation for CSR: Overview of why businesses undertake CSR.................................64
3.6. CSR Stages.........................................................................................................................65
3.7. CSR and Corporate Governance .....................................................................................66
3.8. Adoption of CSR (in developing) Countries and Challenges ...........................................66
3.9. A review of extant literature on CSR practices in developing countries .........................68
3.10. Review of CSR literature in Ethiopia .............................................................................70
3.11. CSR Constructs................................................................................................................72
3.11.1. On stakeholder theory .................................................................................................74
3.11.1.1. The connection between stakeholder theory and CSR..........................................74
3.11.1.2. Categorization of stakeholders ..............................................................................76
3.11.2. On legitimacy theory ................................................................................................77
3.11.2.1. The connection between legitimacy theory and CSR .........................................78
3.11.3. On institutional theory ..............................................................................................79
3.12. Chapter Summary ..........................................................................................................80
CHAPTER 4: THEORETICAL FOUNDATIONS ........................................................................81
4.1. Overview ..........................................................................................................................81
4.2. The Theoretical Bases ......................................................................................................82
4.2.1. Operational definition of CSR ....................................................................................83
4.2.2. CSR practices: Corporate social responsibilities of an enterprise to major stakeholders ..85
4.2.2.1. CSR to shareholders ...............................................................................................86
4.2.2.2. CSR to employees ..................................................................................................87
4.2.2.3. CSR to local community ........................................................................................89
4.2.2.4. CSR to customers ..................................................................................................90
4.2.2.5. CSR to suppliers/farmers ......................................................................................91
4.2.2.6. CSR to the environment .......................................................................................91
4.2.2.7. A taxonomy of key business practices for CSR ....................................................92
4.2.3. CSR sources .................................................................................................................96
4.2.3.1. CSR and marketing - The business case ...............................................................97
4.2.3.2. CSR and governance .............................................................................................100
4.2.3.3. CSR and company values .....................................................................................102
4.2.3.4. CSR and public pressures & expectations ................................................. 103
4.2.3.5. CSR and the Law ......................................................................................... 104
4.2.3.6. CSR and stakeholders .................................................................................. 106
4.2.4. Benefits and barriers of implementing CSR .................................................... 109
4.2.5. Global vs. local CSR ......................................................................................... 111
4.3. Theoretical Map - Summary Table of the Theoretical Foundations ..................... 113
4.4. Chapter Summary ................................................................................................. 118

CHAPTER 5: THE RESEARCH METHODOLOGY AND METHODS ..................................... 121
5.1. Overview .............................................................................................................. 121
5.2. Research Design .................................................................................................. 121
5.3. Explanation and Motivation of the Cases ............................................................. 125
5.4. Data Collection .................................................................................................... 127
5.4.1. Overview of the data sources .......................................................................... 127
5.4.2. The interview instrument ................................................................................. 128
5.4.3. Procedure in data collection ........................................................................... 129
  5.4.3.1. Brief description of respondent Categories .................................................. 131
  5.4.3.2. Major topics for data capturing ................................................................... 135
  5.4.4. Sampling method ............................................................................................ 137
5.5. Data Analysis ...................................................................................................... 138
  5.5.1. Analysis procedure per research question ....................................................... 139
5.6. Ethics (Interview) Protocol .................................................................................. 145
5.7. Chapter Summary ............................................................................................... 146

CHAPTER 6: COMPANIES’ DOCUMENTS REVIEW ......................................................... 147
6.1. Overview ................................................................................................................ 147
6.2. Case #1 ................................................................................................................ 148
  6.2.1. CSR profile .................................................................................................... 148
  6.2.2. Company strategies ....................................................................................... 148
  6.2.3. Governance (CSR and governance) ............................................................... 148
  6.2.4. Values (CSR and values) ................................................................................ 149
Contents

7.4.1. CSR and marketing/the business case ................................................................. 175
7.4.2. CSR and governance ....................................................................................... 175
7.4.3. CSR and company values ............................................................................... 177
7.4.4. CSR and public pressures and expectations ...................................................... 178
7.4.5. CSR and the law ............................................................................................... 179
7.4.6. CSR and stakeholders ..................................................................................... 180
7.5. Benefits and Barriers of Implementing CSR in the Local Context ..................... 181
7.6. Implementation of International CSR Ambitions and Goals in the Local Context ... 183
7.8. Chapter Summary ............................................................................................... 184

CHAPTER 8: CONCLUSIONS AND DISCUSSION ................................................................ 187

8.1. Overview .............................................................................................................. 187
8.2. Summary of the Findings in Light of the Research Questions ................................ 188
  8.2.1. CSR practices that the companies are performing in the local context .............. 188
  8.2.2. Why are the companies doing CSR? ................................................................ 194
  8.2.3. Benefits and barriers of implementing CSR: Causal analysis .......................... 197
    8.2.3.1. CSR benefits ............................................................................................. 197
    8.2.3.2. CSR barriers ............................................................................................ 198
  8.2.4. Implementation of the international CSR strategies (and ambitions) of the international companies .................................................................................. 207
  8.2.5. Towards the central research question ............................................................ 209
  8.2.6. Gap analysis: towards contributing to a developing country CSR literature ...... 210
8.3. Reflection on the Major Findings of the Study in View of Extant Literature .......... 212
  8.3.1. In response to calls for CSR studies from the developing world ....................... 213
  8.3.2. In view of CSR understanding in the local context .......................................... 214
  8.3.3. In view of types of CSR practices that the study identified ............................... 214
  8.3.4. In view of the CSR sources that the study identified ........................................ 217
  8.3.5. In view of CSR constructs: stakeholder, legitimacy, and institutional theories .... 219
  8.3.6. In view of CSR benefits and barriers ............................................................... 221
8.4. Emerging Issues of Significance .......................................................................... 222
Acronyms

AAEA - Addis Ababa Environment Protection Authority
CIA - Central Intelligence Agency
CSR - Corporate Social Responsibility
EARI - Ethiopian Agricultural Research Institute
EPESA - Ethiopian Privatization and Public Enterprises Supervising Agency
EPRDF - Ethiopian People’s Revolutionary Democratic Front
FDRE - Federal Democratic Republic of Ethiopia
FEACC - Federal Ethics and Anti-Corruption Commission, Ethiopian
GDP - Gross Domestic Product
GTP - Growth and Transformation Plan
EHRC - Ethiopian Human Rights Commission
ILO - International Labour Organization
LDC - Least Developed Countries
MDG - Millennium Development Goals
MEF - Ministry of Environment and Forest, Ethiopian
MNCs - Multinational Corporations
MOEF - Ministry of Environment and Forest, Ethiopian
MOJ - Ministry of Justice, Ethiopian
MOLSA - Ministry of Labour and Social Affairs
PASDEP - Plan for Accelerated and Sustained Development to End Poverty
SMDGs - Sustainable Millennium Development Goals
TNCs - Transnational Corporations
Acronyms

UNDP - United Nations Development Programme

UNEP - United Nations Environment Programme

UN - United Nations
List of Tables

Table 1: Main CSR Sources/Drivers.................................................................25
Table 2: Ratified ILO Conventions by Ethiopia ...............................................46
Table 3: The Five Dimensions of CSR...........................................................57
Table 4: Core Values and the Principles of UN Global Compact .......................58
Table 5: Business Impact on Human Rights: Labor Rights .............................59
Table 6: The Four Categories of the Fundamental Principles and Rights at Work, ILO 1998’s Declaration ..................................................................................61
Table 7: The Eight Core or Fundamental ILO (Labor Rights) Conventions ........62
Table 8: The Core Elements of CEO Water Mandate ....................................64
Table 9: Theoretical Perspectives of CSR .......................................................73
Table 10: Epstein and Roy’s Broad Definitions of Corporate Social Responsibility .........................84
Table 11: Key Business Practices for CSR ....................................................94
Table 12: Summary of CSR Practices to Various Stakeholders .......................95
Table 13: Four Types of Business Case Value Creation ..................................98
Table 14: Types of CSR Sources ..................................................................105
Table 15: Stakeholders and Stakeholder Groups ..........................................107
Table 16: Challenges of CSR .......................................................................111
Table 17: Global vs. Local CSR ...................................................................112
Table 18: Theoretical Map - Summary of the Theoretical Foundations ...........116
Table 19: Summary of Interviewees ...............................................................131
Table 20: CSR Understanding of the Case Companies ..................................160
Table 21: CSR Practices of the Case Companies in the Local Context - Case #1 and Case #2 ..........163
Table 22: CSR Practices of the Case Companies in the Local Context - Case #3 ...........................................165
Table 23: Benefits and Barriers of Implementing CSR in the Local Context ..........183
Table 24: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #1 ..................189
Table 25: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #2 ..................190
Table 26: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #3 ..................191
List of Figures

Figure 1: Structure of the Dissertation ................................................................. 11

Figure 2: Dunphy's Model for CSR ................................................................. 66

Figure 3: Basic Model for Five Stakeholders Affecting Management Choice ................. 76
PART 1

CHAPTER 1: INTRODUCTION

The business of business should not be about money. It should be about responsibility. It should be about public good, not private greed – Anita Roddick, Founder, Body Shop (1942-2007)

1.1. Overview

The issue of Corporate Social Responsibility (CSR) is a growing concern in the business world (Abdul & Ibrahim, 2002), and there is an inherent increase of interest in CSR studies and the field is gaining much attention (Thomsen, 2004) alongside “an increasing focus by firms on examining their social responsibilities” (Moir, 2001, p. 1). It is maintained that CSR has impacts on an organization’s reputation, commitment, and business performance (Gössling, 2011), and it has been noted that “in recent decades, a growing number of academics as well as top executives have been allocating a considerable amount of time and resources to CSR” (Cheng, Ioannou, & Serafeim, 2014, p. 2). Consequently, the area has become highly relevant (Dincer & Dincer, 2007). “It is undisputed that CSR has achieved a prominent place in management practice and in the academic arena” (Melo & Garrido-Morgado, 2012, p. 1); and it “has become the norm rather than the exception” (Husted & Allen, 2011, p. 13). The point is that CSR has achieved a mainstream position in the modern day corporate world (Bolton & Mattila, 2015). In view of this, Ioannou and Serafeim (2015, p. 2) explain that “in recent years, a growing number of companies are adopting various CSR initiatives.”

The core idea behind CSR is that a business should accept that it must play more than just an economic role in society (Robins, 2008). There are businesses today that are taking responsibilities that include and go beyond economic activities. CSR involves several matters related to a company’s behavior in its social environment beyond the exclusively economic realms with which companies are traditionally associated (Rigoberto Parada Daza, 2009). Similarly, Idowu (2009, p. 13) stated that “it is widely acknowledged that modern corporations have some social responsibility towards society; even the most adamant opponents of CSR agree with this assertion”. More specifically, Zheng, Luo, and Maksimov (2015, p. 392) explain that CSR practices may include “offering environmental products (responsibility toward customers), applying environmentally sound business practices
(responsibility toward the local community), offering adequate labor conditions and just wages (responsibility toward employees), and supporting responsibility measures in the supply chain (responsibility toward suppliers).”

In other words, CSR is related to issues such as “environmental protection, health and safety at work, relations with local communities, human rights, and corruption,” Proenca and Branco (2014, p. 252). Further, Van Beurden and Gossling (2008) found out that CSR is an answer to the societal uncertainties that corporations have to cope with in the present dynamic, global, and technological social contexts. It can also be designed as part of firms’ competitive strategies; and CSR as a strategy gives firms a competitive edge (Zadek, 2004). That is, treating CSR as an integral part of companies’ competitive strategy improves the competitive context without annihilating companies’ commitments to the society (Van de Ven & Jeurissen, 2005).

Incorporating CSR in companies’ decision-making process can be advantageous to the organizations as well. Of course, doing this will not cause any inherent contradiction between improving the competitive context and making a sincere commitment to bettering society; “CSR can become a source of tremendous social progress, as the business applies its considerable resources, expertise, and insights to activities that benefit society” (Porter & Kramer, 2006, p. 80). And for corporations to behave responsibly, CSR needs to be incorporated in organizations’ decision-making practice (Spitzec, 2009). This is important in modern day business, where organizations are not only concerned about serving the interests of their shareholders but also are responsible for meeting the demands of the society at large (Galbreath, 2009).

Generally, considering the various theories about CSR in the literature, and for the sake of “mapping the territories,” Garriga and Mele (2004) identified four categories of theories for CSR research. These are: (1) “instrumental theories,” which view the corporation as an instrument for wealth creation, (2) “political theories” that focus on the the power of corporations in society and the responsible application of this power in the political domain, (3) “integrative theories” that explain a corporation’s role in satisfying social demands, and (4) “ethical theories,” which are based on the notion of the ethical responsibilities of corporations to society.

This research will explore the CSR practices in one of the industries in a Least Developed Country (LDC) – the Ethiopian brewery sector. In this sector, there are prominent
multinational corporations (MNCs). The study seeks to explore the factors promoting and/or preventing the adoption of CSR practices and principles by (local) companies of MNCs operating in a LDC context, and it will also explore the social benefits of those MNCs being there. In Ethiopia, there are immense social problems. Businesses operating in the country are expected to integrate social demands (integrative approach) along with ethical considerations (ethical approach) in order to generate a positive impact on society. In other words, as indicated in Section 1.5 (Motivation of the Thesis), the study setting is a developing country that belongs to a part of the world where there is a dearth of CSR studies from such a context. In connection to this, a number of CSR scholars stressed that there is still a need for more CSR studies from this part of the world (Dobers & Halme, 2009; Egri & Ralston, 2008; Utting, 2003; Visser, 2008). Moreover, the brewery sector is chosen for the empirical research because there are prominent international breweries operating in the local context; and also for the fact that the brewery sector represents one of the controversial businesses (due to the nature of the product they produce – alcoholic products) whose activities dominate the CSR agenda, and as such CSR practices could be particularly decisive for such businesses (Cai, Jo, & Pan, 2012; Jo & Na, 2012; Reast, Maon, Lindgreen, & Vanhamme, 2013). There is detailed discussion explaining why the study focuses on Ethiopia and the breweries in Section 1.5 of this research, which outlines the motivation of the study.

1.2. Background of the Study

Issues of CSR have come to the fore in Ethiopia only in the last few years. This is an area that has not been broadly explored in the setting of underdeveloped nations, such as in the context of Ethiopia in general and the CSR practices of one of the most highly privatized sectors in the country, the breweries, in particular. The Ethiopian beer industry is characterized by the presence of prominent MNCs. African Business magazine described the situation by noting that “Ethiopia, one of the fastest growing countries in Africa, has become the arena of fierce competition among multinational beverage companies slugging it out for a bigger share of an expanding market. This trend is being replicated across the continent as companies reach out for new markets to offset slow growth in the West” (James, 2014, para 1). Currently, there are seven beer producers in the country, including four domestic companies, one of which is part of this study. This domestic company, identified as Case #2, also has significant equity investments from foreign companies, while the others are MNCs, identified as Case #1 and Case #3 in this study. The foreign companies joined the Ethiopian brewery sector after
acquiring the assets of the previously state-owned breweries. The remaining four breweries are not included in the study because either they are relatively new as they have only joined the sector recently or because of lack of interest from the breweries to participate in the study. The case companies under investigation are identified in this study as Case #1, Case #2, and Case #3 for the interest of anonymity and confidentiality.

1.3. Problem Statement

In the modern business world, where “a government that regulates all aspects of social life is rapidly becoming a thing of the past” Jeurissen (2007, p. 11), corporations have responsibilities to the society at large. In line with this, Crane, Matten, and Spence say “the role of corporations in society is clearly on the agenda, and corporations are clearly taking up this challenge” (2008, p. 3). Moreover, it is maintained that corporations “being citizens, have a responsibility to the society and/or country in which they operate. With the growing concern for protection of environment and development of all sections of society, governments are increasingly expecting companies and other organizations to shoulder their share of responsibility” (Jhunjhunwala, 2014, p. 211). Similarly, Jamali and Mirshak assert:

“While governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society’s needs have exceeded the capabilities of governments to fulfill them. In this context, the spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR.” (Jamali & Mirshak, 2007, p. 243).

In other words, corporations can influence conditions by focusing on those capacities they have such as economic power to influence structural processes (Young, 2004). Specifically, MNCs can participate in “poverty reduction by making donations and other forms of charity (Philanthropy), by paying just wages to employees working at its units in developing countries (CR Integration), or by launching business models that give poor people access to affordable products or services that will solve their problems, such as subsistence farmers’ need for information about the going market rate for their produce (CR Innovation)” (Halme & Laurila, 2009, p. 335). In addition, Benn and Bolton maintain that “as a result of globalization strategies, the capability of governments to resolve social and economic problems is being challenged, raising the question as to whether a more effective (and perhaps unavoidable) strategy is to involve business as a player in community-wide solutions
for sustainable development” (2011, p. 35). Moreover, it is noted that modern day multinational corporations are “being asked to assume broader responsibilities than ever before, including such corporate operations and policies as: the development of safe products, providing high quality and reliable services, ethical business practices, welfare and rights, working conditions, fair trade, responsible marketing and communication, stakeholder involvement, information disclosure, and codes of conduct” (Gifford, Kestler, & Anand, 2010, p. 308).

Even though the MNCs may not be able to dictate the law, as stated by Scherer, Palazzo, and Baumann (2006, p. 7), “many TNCs have set up their own codes of conduct¹, outlining the humanitarian and environmental standards of their business practices, and extend the reach of such codes to others in their areas of influence.” Thus, this research will mainly illustrate CSR practices in the third world context by exploring what CSR practices are undertaken by the companies operating in the Ethiopian brewery sector. Exploring the CSR practices and commitments of the breweries to the society is an intriguing area, and the subject has not yet been studied broadly in the context of the developing world. This study represents pioneer substantial empirical research on CSR in the study setting. This research will be a contribution to the knowledge of CSR, as there is no considerable field of knowledge and no broad body of literature about CSR practices from this part of the world; not much is known about CSR from this part of the least developed world.

1.4. Research Objective and Issue

CSR is concerned about “the responsibilities of companies with regard to other actors in society, and it needs to be studied in the context of where it is being practiced” (Dobers & Halme, 2009, p. 238), and it is indicated that CSR has “a powerful potential to make positive contributions to addressing the needs of disadvantaged communities in developing countries” (Ite, 2004, p. 1). In view of this, the main objective of the study is to examine the adoption of CSR practices and principles by companies operating in the LDC context, taking the brewery sector in Ethiopia as an illustration. The goal is exploring the factors enabling and/or

¹ “Codes of conduct are statements of the required behaviours and responsibilities of an organization or association that contribute to the welfare of its stakeholders. They usually focus on ethical or socially responsible issues and are an example of the self-regulation of the industry.” (Benn & Bolton, 2011, p. 27)
preventing CSR practices and principles from being adopted by companies operating in the chosen sector in an LDC context. The specific focus is to examine what CSR practices these companies are undertaking and why are they doing it, and to subsequently analyze what the benefits are for them and which barriers they face in implementing CSR, as well as how the international CSR strategies (and ambitions) of the international companies are implemented in the local context. In other words, the study will address the following questions.

Central question:

**What are the factors enabling and/or preventing the adoption of CSR practices and principles by (international) companies operating in an LDC context?** In researching this question, the focus will be to analyze the following questions: what CSR practices these companies are undertaking, why they are engaged in CSR, what benefits and barriers implementing CSR has in the local context, and how the international CSR strategies (and ambitions) of the international companies are implemented in the local context. Consequently, the sub-questions of the research are the following:

**Sub-questions:**

1. What CSR practices do the selected breweries undertake?
2. Why are they doing it?
3. What are the benefits and barriers of implementing CSR in the local context?
4. How are the international CSR strategies (and ambitions) of the international companies (MNCs) implemented in the local context?

1.5. Motivation of the Study

The subject of this research takes its cue from the broad CSR body of knowledge, and it recognizes evident claims made by scholars that there is a need for more CSR studies from the least developed world (Dobers & Halme, 2009; Egri & Ralston, 2008; Utting, 2003; Visser, 2008). For example, noting the compelling nature of CSR (studies) in the least developed world, Visser has suggested that CSR studies in this part of the world are interesting because the rationale for focusing on CSR in developing countries is different from CSR in the developed world. The first reason is that “developing countries represent the most rapidly growing economies with the most profitable growth markets for business”;


second rationale is “it is in the developing countries where the social and environmental crises are usually most acutely felt in the world”; thirdly, it is in developing countries where “globalization, economic growth, investment, and business activity are likely to have the most remarkable social and environmental impacts positively and negatively”; and the final rationale is that developing countries “present a distinctive set of CSR agenda challenges which are quite different to those faced in the developed world” (Visser, 2008, p. 474).

Moreover, there is no substantial empirical evidence and study about CSR in the developing world. Utting (2003) argues that it is unfortunate that much of the evidence for and against CSR in the developing world is based on supposition, anecdotes, and limited example of best or bad practices. The author argues that there has not been sufficient systematic research on CSR in this part of the developing world. Further, Egri and Ralston adds that “most studied countries in international CR research have been in high economically developed countries in North America, Western Europe, and East Asia; there has been much less CR research in the less developed and transitional economies of the world” (2008, p. 324). Thus, this research endeavors to investigate the implementation of CSR practices in the context of an LDC. Specifically, the empirical study will focus on selected companies in the brewery sector in Ethiopia.

The finding of this research will contribute to the knowledge and understanding of the subject of CSR and its application by two MNCs (and one domestic brewery) in a developing country context, where there is little/no hard law enforcing the application of CSR. It will bring forward what the MNCs (and the domestic brewery) operating in the brewery sector of Ethiopia are doing in terms of CSR in an LDC context. Moreover, cognizant of the lack of a broad body of knowledge about CSR from this part of the world, this research will be a contribution to the knowledge of CSR. Moreover, the breweries belong to the alcohol industry, which represents a controversial business whose activities targeting consumers dominate the CSR agenda; as such, CSR practices could be particularly decisive for such businesses (Cai, et al., 2012; Jo & Na, 2012; Reast, et al., 2013).

This study thus represents academic research concerning management challenges, whereby the issue is how the CSR strategy of an (international) company can be implemented by the local management in a specific sector (the brewery sector in Ethiopia). Given the need to contribute to theory in academic research on CSR based on empirical evidence from the developing world, and also considering the lack thereof in respect to CSR studies from this
part of the world, the study will be a contribution to the CSR domain both theoretically and empirically. The theoretical gap that this research will fill is that given the dearth of academic research on CSR from the developing world, the study will be a contribution to the CSR domain by providing empirical evidence on the factors that promote and/or prevent the adoption of CSR practices and principles by companies operating in the LDC context by assessing what CSR practices are undertaken by the case companies under investigation, why they are engaged in CSR in the local context, what the benefits and barriers are of implementing CSR by the case companies in the local setting, and how the international CSR strategies and ambitions of the international companies are implemented in the local context.

There is a firm indication in CSR literature that not much is known about CSR practices by companies operating in the context of the developing world, so assessing what CSR practices are undertaken by companies operating in the context of the developing countries is crucial (Frynas, 2006; Jamali & Mirshak, 2007; Muthuri & Gilbert, 2011). However, describing the types of CSR practices that are undertaken by the companies in the local context alone does not provide a complete picture about the adoption of CSR practices and principles by the case companies in the study setting (particularly in examining the factors that enable and/or prevent the adoption of CSR in the local context) without further investigating important questions such as why the companies engage in CSR in the local context, what the benefits and barriers of implementing CSR in the local setting are and how the international CSR strategies and ambitions of the international companies are implemented in the local context.

CSR scholars indicate that the reason why businesses engage in CSR could be different in the developing country context than why they engage in CSR in the developed world (Gugler & Shi, 2009; Visser, 2008). Moreover, Campbell asserts that the motive to engage in CSR needs to be studied contextually for reasons that “the tendency toward socially responsible corporate behavior varies across countries and that much more research is required to understand why” (Campbell 2007, p. 947). After all, “research on determinants of CSR is important on its own” (Huang & Watson, 2015, p. 6). What’s more, based on an earlier justification that there is a dearth of CSR studies from this part of the developing world, there is a natural base of justification that not much is also known about the benefits and barriers of implementing CSR in such local context, as too little is known about CSR practices in the developing world itself (Blowfield & Frynas, 2005; Frynas, 2006; Muthuri & Gilbert, 2011). Therefore, this makes assessing the benefits and barriers of implementing CSR in the study
setting an important aspect of the research issue. It is also anticipated that there would be challenges peculiar to the implementation of CSR in the developing countries context, which are not given due attention in extant CSR literature (Jamali & Mirshak, 2007; Kemp, 2001). Finally, since the application of CSR even by the same company varies across countries with different contexts due to differences in CSR-related concerns and contextual differences (Baughn & McIntosh, 2007; Dobers & Halme, 2009; Gugler & Shi, 2009), it is important to examine how the MNCs, which are part of the case studies, implement their international CSR strategies and ambitions in this local context as part of the overall study of exploring the factors that enable and/or prevent the adoption of CSR practices and principles in the study context.

1.6. Scope of the Study

The study will take two MNCs, which are coded (for the purpose of confidentiality) as Case #1 and Case #3, and one of the domestic breweries, which is coded as Case #2, as the cases of the study in Ethiopia. The organizations are the units of analysis. This sector is chosen because it is a highly privatized sector in the country and it could be an ideal setting to highlight what internationally revered companies can do in terms of CSR in an LDC context by introducing and adopting CSR practices.

As elaborated in the methodology part in Chapter 5, the research takes a qualitative research approach with multiple case studies being employed as the inquiry method, with the goal of exploring the CSR practices among the breweries in the setting of the study. This is in line with Yin’s (2003b) viewpoint that “The evidence from multiple case studies is often considered more compelling and the overall study is therefore regarded as being more robust” (p. 46). The qualitative research with case studies approach is a suitable study approach in research undertakings in the field of management and organization studies such as this particular study, which strives to examine the CSR practices of breweries in an LDC context (Cassell & Symon, 2006; Yin, 2003a). In general, the empirical study endeavors to examine the CSR practices in a specific sector in an LDC context. The study aims at a holistic approach in examining the CSR practices of the selected companies. In other words, not every aspect of each case company is the concern of the study; it is rather focused on studying a particular issue, i.e. the CSR engagements of the three selected companies. Moreover, CSR is a contemporary issue in the local setting that warrants case studies as an
appropriate research strategy to understand this contextually contemporary phenomenon (Yin, 2003a). The research methodology and methods will be presented in Chapter 5.

1.7. Structure of the Dissertation

Figure 1 below demonstrates the structure and content of the dissertation. Accordingly, the study comprises three parts. Part 1 introduces the study (Chapter 1, Introduction) and highlights the background of the study by illustrating the institutional and legislative context of the study setting (Chapter 2, Institutional and Legislative Context). Then Part 2 consists of four chapters that present the literature review (Chapter 3), the theoretical foundations of the study (Chapter 4), the research methodology and methods (Chapter 5), and a review of the case companies’ documents (all public information) (Chapter 6). Finally, Part 3 provides a comparative analysis across the cases (Chapter 7) and winds up the study by providing the conclusions and discussion (Chapter 8). In connection, it is worth mentioning here that the empirical evidence from the individual case studies, which is based on the analysis of the findings of the study for each single case, is also provided in Appendix 7, and the analysis of the interview results with external stakeholders including government authorities, NGOs, farmers, and academics is provided in Appendix 9.
Figure 1: Structure of the Dissertation
1.8. Chapter Summary and Introduction to the Theoretical Underpinnings of the Research Questions

This chapter marks the first step in an endeavor to embark on a set of comprehensive, empirical case studies on the adoption of CSR by companies operating in an LDC, taking the case of the brewery sector in Ethiopia. The study will explore the extent of adoption and factors that influence the application of CSR practices by three companies that operate in the country’s brewery sector, in which there is a significant foreign ownership. It is hoped that the output of the study will be beneficial to all stakeholders involved and that it will also be a contribution to knowledge enhancement in the academic world. This is particularly true given the fact that there is a lack of a broad body of knowledge about implementing CSR by companies in this part of the world.

This study is based on empirical, comparative case studies. As indicated in detail in Chapter 5 (Research Methodology and Methods), when a comparative case studies approach is employed it is necessary to have a theory that precedes data collection and analysis. Thus, this study utilized the theoretical foundations (details available in Chapter 4) and the review of institutional and legislative context (details available in Chapter 2) as a lens for data collection and analysis, while at the same time keeping the interview questions open for any revelations and surprises that fall outside of the theoretical foundations. In all of the interview process, the questions started with general and open questions, and later on for the purpose of probing more into details, the ideas contained in the theoretical foundations were considered. In other words, according to Yin (2003b), in case study research such as this, the theoretical foundations are developed at the outset of the investigation in order to have “a sufficient blueprint for the study that provides guidance in determining what data to collect and the strategies for analyzing the data” (p. 29). In view of this, as indicated in the theoretical foundations (Chapter 4), Flinders and Mills (1993) assert that a theory is “any general set of ideas that guide action; theory is pragmatically bound up with activities of planning a study, gaining entry into the field, recording observations, conducting interviews, sifting through documents and writing up research” (cited in Anfara Jr & Mertz, 2014, p. 13).

Thus, the theoretical foundation was developed in order to guide the data collection and analysis process in light of the specific research questions of the study that make up the central question of the study. It is, however, worth noting that even though there is a theoretical foundation developed to collect the data and perform the analysis, it is mainly used to assist in guiding the interviews with the respondents without limiting their responses...
to some form of framework. In other words, the interview questions that were developed based on the theoretical foundations were mainly used for probing purposes and follow-up questions after getting the responses of the interviewees for the open questions. Based on this overview, this section provides the underpinning theoretical argumentation of why the research questions themselves that this research identified are worth investigating. This is done for each research question as shown below.

**Research question 1 – What CSR practices do the breweries undertake in the local context?**

To begin with, obviously a research project that is committed to study the adoption of CSR practices and principles in a particular context has to incorporate investigating the types of CSR practices that the companies under investigation perform. Such a research question paves the way to grasp what CSR practices the case companies are doing. In doing so, the researcher started asking the managers who participated in the study an open question: What are the CSR practices that your company is engaged in? Later, for the sake of more specificity and focus of answers (towards specificity), the managers were asked an open question regarding who their stakeholders are. Once they identified their stakeholders, then a second round of questions followed that examined the CSR practices that the case companies perform per stakeholders group that they identified. Fortunately, the stakeholder groups that the managers identified are congruent with the major types of stakeholders that the study had initially identified in the theoretical foundations. Generally, what CSR scholars consider as the most important CSR stakeholders that deserve due consideration in the CSR engagements of a business are shareholders, employees, customers, local community, suppliers, and the environment (Ali, Rehman, Ali, Yousaf, & Zia, 2010; Argandoña & von Weltzien Hoivik, 2009; Ward, 2004; Werther & Chandler, 2010). In order to assess specifically what CSR practices the breweries apply to suppliers, local farmers that the case companies work with are studied. This is because, in the local context, the single most important suppliers to the case companies are identified to be the small-scale local farmers who supply part of the barley that the breweries need. It was also convenient to contact and interview those farmers that the case companies work with in the local context. The other important suppliers are located in foreign countries, and it is beyond the scope of this study to contact and interview the companies’ suppliers who are scattered all over the world. As clearly indicated in the theoretical foundations (Chapter 4), in terms of CSR to suppliers, Pedersen and Jeppesen (2015, p. 150) wrote, “The management of CSR in the supply chain is far from being a
simple task realizing the fact that the supply chain partners often operate in different economic, political, and social settings and are outside the control of the company.” However, businesses still do “build relationships with suppliers that they are eager to have” (Freeman, Wicks, & Parmar, 2004, p. 366). As such, in the local context the most important suppliers to the breweries are small-scale local farmers who grow barley, which is a key input in the production of beer. Thus, with respect to CSR to suppliers, this paper assesses the CSR commitments that the case companies have towards the small-scale barley farmers, with whom the case companies have business relationships. With respect to CSR to farmers, it is expressed in the theoretical foundations that businesses are expected to work closely with local suppliers such as farmers to source inputs and provide further assistance (Eaton & Shepherd, 2001; Spiller, 2000; Sprinkle & Maines, 2010). There is a detailed description of the categories of respondents in Chapter 5 (Section 5.4.3.1), which highlights the research methodology and methods. The theoretical explanation about CSR to stakeholders is elaborated in Chapter 4 (Section 4.2.2.).

Coming back to the point of justifying the importance of studying what types of CSR practices the case companies perform in the local context, this is even in line with the recommendations of international initiatives such as Global Compact (2000), which promote/recommend exploring (best) CSR–related practices of businesses. It is therefore necessary to find out what those CSR practices are in real life situations that the case companies perform in the local context. Moreover, CSR authors such as Frynas (2006) put forth that thus far “most of the research on CSR has focused on developed-country firms, mainly from North America and Europe” (p. 16). This author also noted that CSR practices vary from context to context as “CSR practice develops within a specific social context” (p. 17), indicating that it is necessary to explore CSR in various contexts. In connection, it is noted that “CSR not only concerns the relationships between firms and other actors that can be studied empirically, it also has a normative content that addresses what responsibilities corporations might have in our changing social and economic context. That societies are different in many respects implies that CSR can have different faces in different societal contexts,” (Dobers & Halme, 2009, p. 238).

Further, Jamali and Mirshak shared that “we still know too little about CSR practices in ex-colonial, smaller, and emerging countries” (Jamali & Mirshak, 2007, p. 244), and “the need for focused CSR research in developing economies is critical, particularly with the concern
that current approaches to CSR, with their origin in developed countries” (Muthuri & Gilbert, 2011, pp. 467-468). Consequently, there are calls from a number of CSR scholars for studies about CSR practices from the developing world, as too little is known about what types of CSR initiatives are undertaken in such contexts. It has been reiterated in the CSR domain that scholars and practitioners know very little about the CSR initiatives in developing countries, and they urge others to explore CSR practices in the context of the developing countries to fill this knowledge gap (Blowfield & Frynas, 2005; Egri & Ralston, 2008; Gugler & Shi, 2009; Jamali & Mirshak, 2007; Utting, 2003; Visser, 2008).

Accordingly, the first research question of the study will focus on exploring the types of CSR practices that the case companies perform in the local context targeting their respective stakeholders. The point in focus is what CSR practices they undertake in regard to those various groups of stakeholders. Another issue is why the selected case companies conduct CSR with regard to stakeholders; this question is assessed as an aspect in the second research question.

**Research question 2 – Why are the case companies doing CSR in the local context?**

The second research question focuses on assessing why the selected case companies perform CSR to examine the sources (drivers) and/or motives to engage in CSR. Notably, CSR scholars indicated that the reason why businesses engage in CSR could be different in the developing country context than why they engage in CSR in the developed world (Gugler & Shi, 2009; Visser, 2008). Also, Campbell asserted that the motive to engage in CSR needs to be studied contextually, as “the tendency toward socially responsible corporate behavior varies across countries and much more research is required to understand why” (Campbell 2007, p. 947). After all, “research on determinants of CSR is important on its own” (Huang & Watson, 2015, p. 6).

However, due to the normative nature of CSR, there is no clear guideline in CSR literature explaining why businesses do CSR. CSR literature does not provide one single answer to the question why businesses embark on CSR. Proenca and Branco (2014, p. 253) uphold that “the motivations for engaging in CSR initiatives differ significantly, and to understand why firms engage in CSR activities it is increasingly necessary to integrate different theoretical perspectives.” Accordingly, as will be illustrated in Chapter 4, which outlines the theoretical foundations of the study in detail, the broadly used approach to explain sources of CSR is
“either economic self-interest (i.e., a solid business case) or ethical grounding (i.e., the moral importance of sustainable development). Oftentimes, of course, both of these apply” (D’Amato, Henderson, & Florence, 2009, p. 4). Though it is acceptable, such general categorization of the CSR sources lacks specificity in deeply exploring why a particular business engages in CSR. Babiak and Trendafilova argue that, “Although CSR practices have drawn substantial interest from practitioners and academics, the motives driving those practices have received little attention in the academic literature – particularly from an empirical perspective.” They add that “while the quest for legitimacy may be a strong motivator for organizations to engage in CSR, other plausible explanations should also be considered” (Babiak & Trendafilova, 2011, pp. 11,13).

In view of this, as will be outlined in the theoretical foundations (Chapter 4), there are other authors who identify CSR sources (drivers) in greater detail. For example, Bantekas (2004) identify four types of CSR sources: (1) public international instruments, (2) NGO guidelines, (3) individual business codes of conduct (corporate codes), and (4) domestic laws and legislation relating to CSR. Similarly, Rahim (2013) identifies CSR sources such as public regulation, self-regulation, and co-regulation. More specifically, as illustrated in the theoretical foundations, the following assertion from Hollender provides a useful theoretical base in identifying key sources of CSR for investigating why the companies engage in CSR:

“I am continually asked what key issues a company must address to become socially responsible. I think it all starts with values. First, you have to develop and build consensus and understanding around a clear set of values and operating principles. This does not mean a list that is mounted on a plaque and hung on the wall — it must live in the hearts and minds of every employee. Second, commitment from the top of the company is key, because if the head of the company is not committed to being open and honest how can you expect anyone else to be. Once you are clear on your values, you then move into a more formal process of determining what structure, benchmarks, and measurements are needed to evaluate your progress toward achieving a set of goals based on your values. There are a whole variety of structures” (Hollender, 2004, p. 115).

The description above clearly indicates that company values are a fundamental source of CSR. The author suggests that company values are the primary source for socially responsible behavior. The other source of CSR suggested by Hollender is getting top
management’s commitments to CSR and developing the systems and structures (governance-
internal governance mechanisms) needed to implement CSR. Speaking of the relationship between corporate governance and CSR, Jo and Harjoto (2012) in their article “The Causal Effect of Corporate Governance on Corporate Social Responsibility” argue that “the relations between CSR and corporate governance have been an important topic since at least 1960” (p. 53) but “empirical research on the relation between corporate governance and CSR is typically silent about the direction of causation.” The authors continue by stating that “previous studies suggest that empirical relations between corporate governance and CSR are largely inconclusive” (p. 53). However, based on their empirical study, the authors conclude that from the perspective of stakeholder theory, there is a positive relation between corporate governance and CSR, and based on this they affirm that “corporate governance causes corporate social responsibility” (p. 61). Nevertheless, the authors also indicate that in spite of the anticipated significance of studies that examine the relationship between corporate governance and CSR, “only limited empirical evidence examines the causality between corporate governance and CSR” (p. 65).

In addition, Ntim and Soobaroyen (2013) state that “although a considerable number of studies have investigated the determinants, motivations and consequences of corporate social responsibility (CSR) and corporate governance (CG) practices separately, studies examining how and why a firm’s internal corporate governance influence its CSR strategies are rare” (p. 488). However, based on the result of their empirical study they find that “better-governed corporations tend to pursue a more socially responsible agenda through increased CSR practices,” and they state straightforwardly that “we provide new evidence that suggests that, on average, better-governed corporations are more predisposed to pursue a more socially responsible agenda” (Ntim & Soobaroyen, 2013, pp. 468,469). Likewise, Schmitz and Schrader (2015) explain that in companies that have a stakeholder-oriented CG system, the managers are explicitly assigned to consider the interests of stakeholders. Thus, the ideas above indicate that company values and corporate governance could serve as a CSR source for businesses. These two sources of CSR are phrased in the theoretical foundations of this study as “CSR and Company Values” and “CSR and Governance” (see Chapter 4).

However, it is not only company values and corporate governance that can serve as CSR sources. Other authors have suggested that there is also a business case for CSR (such as traditional economic benefits including profit and competitive advantage), which can be
considered as a “cause” of CSR (Carroll & Shabana, 2010; Kurucz, Colbert, & Wheeler, 2008). This source of CSR is phrased as “CSR and Marketing (the business case for CSR)” in the theoretical foundations (see Chapter 4).

CSR writers have also identified further sources of CSR: (a) pressures from the general public: NGOs (civic society campaigners), trade unions, and media CSR may also be performed in response to CSR tools such as CSR guidelines/initiatives and award schemes (Gjølberg, 2011; Ribstein, 2005; Ward, 2004). In connection, Cheng, Ioannou, and Serafeim (2014, p. 31) explain that “the general public increasingly appreciates or even demands transparent, honest and ethical business practices.” These are groups that Caroll considers as “secondary stakeholders, those who have a general interest in the outcome of business functioning – government, regulators, social pressure groups, activist groups, media, and so on” (Carroll, 2015, p. 92). Then there are (b) the law, such as domestic regulations (Bantekas, 2004; Lambooy, 2014), and (c) responsiveness to stakeholders, both internal (shareholders and employees) and external (customers, local community, and suppliers) (Freeman, Velamuri, & Moriarty, 2006; Serafeim, 2013); these are groups that are considered as “primary stakeholders and might include those who have an official or legal stake in the enterprise – owners, employees, customers, and local communities” (Carroll, 2015, p. 92). These later sources of CSR are phrased as “CSR and Public Pressures and Expectations,” “CSR and the Law,” and “CSR and Stakeholders” in this study (see Chapter 4).

Thus, based on the justifications above, the theoretical foundations considered the following as CSR sources (drivers): (a) Company values, (b) Corporate governance (internal governance mechanisms), (c) Marketing (the business case for CSR), (d) Public pressures & expectations, (e) the law (domestic regulations), and (f) stakeholders (major/primary internal and external stakeholders). These identified sources are considered as the sources (drivers) of CSR in this study and are thought to be useful to intensively examine why the case companies engage in CSR practices. In other words, these identified CSR sources (drivers) will serve as the lens to examine why the companies under investigation perform CSR practices in addition to other likely CSR motives that the case companies under the study pursue while engaging in CSR in the local context; the researcher is committed to be open to the unexpected to explore the ongoing CSR dynamics within the scope of the study. The details of the identified CSR sources from literature are thoroughly elaborated in the theoretical foundations section (see Chapter 4, Section 4.2.3).
Towards this end, the interviews with the company managers regarding the question of why they engage in CSR began with an open question of why they conduct CSR in the local context. Later on, in the interest of probing further and follow-up questions, the managers were asked whether the following are CSR sources for their respective companies: the business case for CSR, governance (internal governance mechanisms), company values, public pressures and expectations, domestic laws, and stakeholders. In other words, in order to answer the second research question, which is why do the companies engage in CSR. The study depended on the various possible CSR sources (drivers) identified herewith. This approach is believed to be more comprehensive in investigating the CSR sources for the case companies; it also embodies assessing intrinsic and extrinsic motives for CSR. Table 1 below shows a summary of these identified sources (drivers) of CSR with the purpose of theoretically grounding the CSR sources that this study identified in order to examine why the case companies engage in CSR in the local context.
<table>
<thead>
<tr>
<th>Identified CSR Sources (Drivers)</th>
<th>Question in Focus</th>
<th>Theoretical Grounding</th>
</tr>
</thead>
</table>
| **CSR and Marketing (The Business Case for CSR)** | Whether the business case is one of the possible CSR sources for the case companies | - A business case for CSR such as traditional economic benefits (profit and competitive advantage) is considered as the “cause” of CSR (Carroll & Shabana, 2010; Kurucz, et al., 2008)  

- Modern businesses integrate CSR in their business model, and this has a positive impact on firm reputation (Iwu-Egwuonwu & Chibuike, 2010)  

- “The most important driver of corporate interest in CSR is the argument that good corporate citizenship is also good business” (Vogel, 2006, pp. 10-11)  

- “Socially responsible firms are often also the most respected and the profitable firms” (Beltratti, 2005, p. 385)  

- “In today’s competitive environment, CSR represents a high profile notion that has strategic importance” (Luo & Bhattacharya, 2006, p. 1)  

- “By doing good, managers generate reputational gains that improve a company’s ability to attract resources, enhance its performance, and build competitive advantage” (Fombrun, Gardberg, & Barnett, 2000, p. 85)  

- Modern businesses may need to maintain business relationships that are mutually profitable and socially responsible with the stakeholders (Grigore, 2011) |
<table>
<thead>
<tr>
<th>CSR and Governance</th>
<th>Whether a company’s governance (internal governance mechanism) is one of the possible CSR sources for the case companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- From the perspective of stakeholder theory, Jo &amp; Harjoto found out that there is a positive relation between corporate governance and CSR: “Corporate governance causes Corporate Social Responsibility” (Jo &amp; Harjoto, 2012, p. 61)</td>
</tr>
<tr>
<td></td>
<td>- CSR must be built into the management structure and processes of the organization so that, as far as possible, all social responsibility issues are foreseen, covered by corporate policy in line with an understanding of the issues involved and a willingness to help solve societal problems; that makes corporate governance a critical element for driving excellence in CSR (Shahin &amp; Zairi, 2007)</td>
</tr>
<tr>
<td></td>
<td>- “Firms with more effective governance are more likely to engage in CSR, that is effective governance and CSR engagement are positively related” (Harjoto &amp; Jo, 2011, pp. 46,55)</td>
</tr>
<tr>
<td></td>
<td>- “[T]here is a positive relation between corporate governance and corporate social responsibility. Companies that have good corporate governance are more respected and valuable because good corporate governance protects the stakeholders which contribute to the life of the firm. Corporate governance and social responsibility are strong complements” (Beltratti, 2005, p. 385)</td>
</tr>
<tr>
<td></td>
<td>- “Commitment from the top of the company is key, because if the head of the company is not committed to being open and honest how can you expect anyone else to be. Once you are clear on your values, you then move into a more formal process of determining what structure, benchmarks, and measurements are needed to evaluate your progress toward achieving a set of goals based on your values. There are a whole variety of structures” (Hollender, 2004, p. 115)</td>
</tr>
<tr>
<td></td>
<td>- “Corporations will not act responsibly as long as corporate responsibility issues are not integrated in their decision-making and governance structures” (Spitzeck, 2009, p. 495)</td>
</tr>
</tbody>
</table>
|                     | - “Better-governed corporations tend to pursue a more socially
<table>
<thead>
<tr>
<th>CSR and Values</th>
<th>Whether company values are one of the possible CSR sources for the case companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>responsible agenda through increased CSR practices” (Ntim &amp; Soobaroyen, 2013, p. 468)</td>
</tr>
<tr>
<td></td>
<td>- “Under the umbrella of corporate governance, companies are encouraged to promote ethics, fairness, transparency, and accountability in all their dealings” and “corporate governance is a necessary pillar for a genuine and sustainable CSR orientation; it molds CSR” (Jamali, Safieddine, &amp; Rabbath, 2008, pp. 444, 457)</td>
</tr>
<tr>
<td></td>
<td>“I am continually asked what key issues a company must address to become a socially responsible. It all starts with values” (Hollender, 2004, p. 115)</td>
</tr>
<tr>
<td></td>
<td>- Corporate social responsibility does not mean sporadic philanthropic actions or an intensive public relations activity, but a business philosophy that is accepted by companies voluntarily and is steadily visible in company behavior (Vuta et al., 2007)</td>
</tr>
<tr>
<td></td>
<td>- Company centered values are crucial because such ethical values provide a greater bastion for corporate behavior than laws and regulations, and ethical perspectives are regarded as important accompaniment to the law especially where the law does not exist or law enforcements are weak (Crook, 2005)</td>
</tr>
<tr>
<td></td>
<td>- A company’s corporate values explain its corporate behavior (Thomsen, 2004)</td>
</tr>
<tr>
<td></td>
<td>- Corporate values are regarded as the essential elements of CSR, and businesses should firmly embrace both societal and ethical obligations to build a better society by assuming responsibilities that go beyond limited legal and economic obligations because the “economic and legal obligations are a very narrow and incomplete version of CSR” (Sun, Stewart, &amp; Pollard, 2011, p. 6)</td>
</tr>
</tbody>
</table>
### CSR and Public Pressures & Expectations

Whether there are pressures in the local context for (more) CSR from NGOs, trade unions, and the media, as well as what global CSR initiatives/guidelines (such as Global Compact, ILO declarations) the case companies observe and which are used as a possible CSR source (i.e., whether Public pressure and expectations serve as a CSR source in the local context)

- Public pressure and expectations for CSR motivate firms to engage in CSR (Huang & Watson, 2015)
- Business approaches to CSR may depend on conditions due to local influences on CSR in different contexts (Frynas, 2006)
- Besides a business’s capacity for understanding and undertaking CSR, there are various CSR enabling environments that influence a business’s engagement in CSR. Some of these include pressures from NGOs (civic society campaigners), trade unions, and media, and CSR may also be performed in response to CSR tools such as CSR guidelines/initiatives and award schemes (Gjølberg, 2011; Ribstein, 2005; Ward, 2004)
- “Corporations will be more likely to act in socially responsible ways if there are private, independent organizations, including NGOs, social movement organizations, and the press, in their environment who monitor their behavior and, when necessary, mobilize to change it” (Campbell, 2006, p. 932)
- “Today’s managers must recognize and respond to a rising number of international issues, without the moral compass of the nation, state or religion as a guide. In other words, managers may need to take positions on issues that apparently are not purely business related” (Freeman, et al., 2006, p. 6)
- Pressures such as actions by NGOs, which may include demands for more CSR upon businesses could be taken as an alternative to market and government regulation, and these have an influence on corporations to consider socially responsible behavior (Ribstein, 2005)
- In addition to pressures from the NGOs, trade unions, and the media, there are global CSR initiatives that call upon businesses to
<table>
<thead>
<tr>
<th><strong>CSR and the Law</strong></th>
<th>Whether (domestic) laws are one of the possible CSR sources for the companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Laws are important, as laws (government regulations) could have a greater influence and effectiveness in CSR than other options such as business self-regulation and pressures from NGOs and market pressures (Vogel, 2006)</td>
</tr>
<tr>
<td></td>
<td>- Laws are important for the development of CSR (Bantekas, 2004; Lambooy, 2014)</td>
</tr>
<tr>
<td></td>
<td>- CSR law “would apply to and be enforceable against all business, not just those companies which voluntarily choose or are pressed by brand vulnerability to adopt it. It would be fairer, making a level playing field for business, it would have legitimacy, based on and providing due process of law, and most importantly it would be more effective” (McBarnet, 2007, p. 27)</td>
</tr>
<tr>
<td></td>
<td>- “Corporations will be more likely to act in socially responsible ways if there are strong and well-enforced state regulations in place to ensure such behavior” (Campbell, 2006, p. 930)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CSR and Stakeholders</strong></th>
<th>Whether stakeholders (shareholders, employees, customers, local community, and suppliers/farmers) serve as a CSR source for the case companies in the local context</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Businesses have to champion responsiveness to stakeholders, both internal and external (Freeman, et al., 2006; Serafeim, 2013)</td>
</tr>
<tr>
<td></td>
<td>- Pressures from market (customers), community, and organizational stakeholders (employees and shareholders) have a strong influence on CSR (Pondeville, Swaen, &amp; De Rongé, 2013)</td>
</tr>
<tr>
<td></td>
<td>- Modern day businesses need to place responsible attention on the entire aspects of important stakeholder interests (Millon, 2010)</td>
</tr>
<tr>
<td></td>
<td>- Company stakeholder responsibility requires that companies be committed to a stakeholder approach, and it “focuses on deep</td>
</tr>
</tbody>
</table>
understanding of the interests, priorities, and concerns of the stakeholders (Freeman, et al., 2006, p. 6)

- “Whether there is an obligation to take into account stakeholder interests or whether decision-makers are merely enabled to take those interests into account, the goals of CSR are similar: to develop particular decision-making capacities within organizations that will allow the corporation to take those interests into account in a rational and legitimate way” (Corbett, 2008, p. 414).

- “Corporations are using CSR to strengthen their relationships with different stakeholders. These strengthened relationships ensure corporations minimum conflicts with stakeholders and maximum loyalty from all stakeholders” (Ali, et al., 2010, p. 2797)

- “For many stakeholders corporate responsibility now represents a dominant driver of opinion” (Dawkins & Lewis, 2003, p. 186)

- “Companies engage in socially responsible activities in order to conform to the norms and expectations of their stakeholders on how their operations should be conducted” (Proença & Branco, 2014, p. 254)

- “Stakeholder orientation mitigates a company’s irresponsible behavior and offers guidelines to decision-makers for CSR management” (Costa & Menichini, 2013, p. 150)

- “Stakeholder orientation offers guidelines in understanding CSR behaviors, recognizing the influence of stakeholder perception in CSR assessment, … [and] business returns from CSR activities depend greatly on how stakeholders perceive the company CSR commitment” (Costa & Menichini, 2013, p. 153)
Research question 3 – What are the benefits and barriers of implementing CSR in the local context?

The third research question focuses on exploring what benefits the case companies gain by engaging in CSR in the local context and what challenges they encounter in implementing their CSR practices. Drawing on the justification given earlier that there is a dearth of CSR studies from the part of the developing world provides a natural base of justification that not much is known about the benefits and barriers of implementing CSR in the local context, as too little is known about CSR practices in the developing world itself (Blowfield & Frynas, 2005; Frynas, 2006; Jamali & Mirshak, 2007; Muthuri & Gilbert, 2011). Therefore, this makes assessing the benefits and barriers of implementing CSR in the study setting an appealing topic.

In terms of investigating the barriers of implementing CSR in the local context, it is believed that the study setting may have its own peculiarities. As Kemp states, “in practice, there are numerous obstacles to achieving corporate responsibility, particularly in many developing countries where the institutions, standards and appeals systems, which give some life to CSR in North America and Europe, are relatively weak” (Kemp, 2001, p. 1). Similarly, Gugler and Shi assert that “CSR poses great challenges to the developing-country MNEs’ aspiration of entering [the] global market, and vice versa, their response to CSR also have [sic] great impact on the future global CSR agenda” (Gugler & Shi, 2009, p. 4). Further, Jamali and Mirshak add that “the challenges faced in the pursuit of CSR in a developing country context have not been accorded enough attention in the CSR literature” (Jamali & Mirshak, 2007, p. 244). On the other hand, with respect to assessing the benefits that the case companies get by implementing CSR, since “what drives a corporation to engage in socially responsible activities and what benefits are expected are two different questions” (Gutiérrez & Jones, 2004, p. 152), the third research question also inquires the specific benefits that the case companies achieved due to CSR. This is done based on open interview questions that inquire the following of the managers of the case companies. What are the benefits that they get by implementing CSR and what are the barriers/challenges which they are faced with in implementing CSR in the local context?
Research question 4 – How are international CSR strategies (and ambitions) of the international companies implemented in the local context?

The last research question of the study focuses on exploring how the international CSR strategies (and ambitions) of the MNCs are implemented in the local context, as Gugler and Shi put forward that “discussions on CSR that have … traditionally revolved around developed-countries’ MNEs and their behavior in developing countries need to be expanded” (Gugler & Shi, 2009, p. 17). Moreover, international CSR initiatives such as the OECD Principles, UN Global Compact, and Ruggie Framework advise and require corporations to implement CSR in the territories where they run their businesses with the goal of achieving sustainable development (Global Compact, 2000; OECD, 2011; Ruggie, 2008).

However, CSR scholars indicate that the application of CSR even by the same company varies across countries with different contexts due to differences in “CSR-related concerns” (Gugler & Shi, 2009, p. 10) and differences in local contexts (Baughn & McIntosh, 2007). Along this line, Blowfield and Frynas (2005) argue that “developing economies are different from developed ones and require particular attention. There are unique aspects to issues such as poverty and sustainability in the developing world that demand different solutions from those that might be implemented in developed economies” (p. 499). In other words, “contextual factors and different institutional environments influence norms and practices of corporate social responsibility,” (Dobers & Halme, 2009, p. 242). This signifies that it is important to examine how the MNCs, which are part of the case studies, implement their international CSR strategies and ambitions in this local context. In view of this, the theoretical foundations (see Chapter 4 for details) outline the theory that relates to the global integration versus local responsiveness approaches that MNCs may employ in implementing their CSR strategies across various social contexts. Accordingly, CSR authors suggested that it is imperative to make a distinction between global and local CSR to investigate how MNCs implement their CSR strategies in a different context (Cruz & Boehe, 2010; Husted & Allen, 2006; Muller, 2006). The empirical investigation of how the case companies implement their international CSR strategies and ambitions in the local context is based on an open interview question to the managers of the local operating companies that inquires whether they implement their CSR strategies using a global standardized approach or it is based on local responsiveness based on the interests and demands in the local situation or both.
CHAPTER 2: THE INSTITUTIONAL AND LEGISLATIVE CONTEXT IN ETHIOPIA

2.1. Overview
This chapter presents the institutional and legislative context in Ethiopia with the goal to provide an overview of the socio-cultural, politico-economic, as well as the legal and business landscape of the study setting using a desk research. The data was extracted from secondary sources including reports, websites, and online sources with respect to the stated objective of the chapter. Accordingly, the chapter comprises of two main sections: (1) the socio-cultural, political, and economic context, and (2) the legislative context in Ethiopia. Under the socio-cultural, political, and economic context, specific points of discussion include demographic, historical, cultural and religious background of Ethiopia, government transitions and government ambitions (political context), investment in Ethiopia (economic context), and ecological setting and CSR in Ethiopia; whereas under the legislative context, existing laws and regulations are demonstrated with respect to labor rights, environment protection, human rights, broadcasting services and advertisement laws, and combating corruption.

2.2. Socio-Cultural, Political and Economic Context

2.2.1. Demographic, cultural and religious background
Ethiopia is a country that is situated in the Horn of Africa. Its border countries include Sudan and South Sudan in the west, Somalia and Djibouti in the East, Kenya in the South, and Eritrea in the North. According to World Bank, as of 2014, the population size of the country is about 97 million, which makes the country the second most populous in Africa next to Nigeria, and the 14th largest population in the entire world. Its population growth rate is one of the highest in the globe, which is 2.89 percent annually (CIA, 2013).

The country is ethnically diverse, with the most important differences being marked by linguistic classification. There are more than 100 languages spoken in the country. While Amharic is the “working language” of the federal government; together with the Oromo language, which is from the largest ethnic group (Oromo) in the country, it is one of the two most widely spoken languages nationwide. The country’s federal administrative regions are created in the 1990s on the bases of ethnolinguistic categorization (Donald, 2015). Religion wise, Christianity and Islam are widely practiced across the country. According to
Encyclopedia Britannica, three fifth and one fifth of the population practice Christianity and Islam respectively, while the remaining small fraction belongs to indigenous religious practices, and it is indicated that the cultural heritage of Ethiopians resides in their religions, languages, and extended families. Most Ethiopians place less importance on artifacts of culture than they do on an idealized ethos of cultural refinement as reflected in a respect for human sanctity, the practice of social graces, and the blessings of accumulated wisdom. Religion provides the basic tenets of morality. The invocation of God is often all that is needed to seal agreements, deliver on promises, and seek justifiable redress. Hospitality is reckoned the ultimate expression of grace in social relations. Old age earns respect and prominence in society, especially because of the piety, wisdom, knowledge, prudence, and altruism that it is supposed to bestow (Donald, 2015).

2.2.2. Historical background and government transitions

Ethiopia is Africa's oldest independent country and apart from a five-year occupation by Italy, it has never been colonized. It has a unique cultural heritage, being the home of the Ethiopian Orthodox Church - one of the oldest Christian churches - and a monarchy that ended only in the coup of 1974, which led to the power transfer to the military regime that led the country with a Marxist ideology until its demise in 1991 following decades of civil war in the country. From 1991 onwards, the country is governed by the Ethiopian People’s Revolutionary Democratic Front (EPRDF) that overthrew the military regime through armed struggle, and the government won all the five elections taken to stay in power since 1995, while during the time period between 1991 and 1995, the transitional government was in the position to govern the country. The country served as a symbol of African independence throughout the colonial period, and was a founder member of the United Nations and is the African base for many international organizations. It is Africa’s political capital, where the African Union, the UN Economic Commission for Africa and many other regional and international organizations reside (BBC Monitoring, 2015).

According to a report from USAID, the Ethiopia of today is a country still steeped in tradition and history, but also aggressively trying to achieve economic prosperity for its people, even as the vast majority still lives in poverty as rural farmers and pastoralists. Nevertheless, the Ethiopian economy has been growing at a considerable and significant rate, and there is real potential (if economic policies, development partner strategies and the will of the Ethiopian people are closely aligned) for substantial progress to be made, transforming the country from
being poor and vulnerable, to one that is growing, healthy and resilient. It is also indicated that in spite of formal and informal control and restrictions, there has been an explosion of new private businesses and civil society organizations, rising from a few dozen to thousands over the past 20 years. The regime is truly committed to development. High rates of economic growth have also been recorded over the last five years (USAID, 2012). It has exhibited a high economic growth rate average of 10.7% per year. In 2012, the country was the 12th fastest growing economy in the world; with this pace of economic growth, Ethiopia could become a middle income country in 2025 (World Bank, 2013). There is also additional report by the World Bank explaining how high the economy is growing²; which is also verified by the regional multilateral development bank-African Development Bank.³

2.2.3. Government ambitions
The vision of the government of Ethiopia is to become a country where democratic rule, good governance, and social justice reign upon the involvement of free will of its people and once extracting itself from poverty to reach the level of middle income country within a period of 2020-2023 (Ethiopian Ministry of Industry, 2012). In order to achieve this vision, the government has been developing and implementing various programs and projects. Of the various programs that represent the ambitions of the government, the most mentionable ones, which are also considered as one of the basic EPRDF programs (EPRDF, 2015a) include the industrial development strategy (2001), the Plan for Accelerated and Sustained Development to end Poverty (PASDEP, 2005-2009) and the Growth and Transformation Plan (GTP, 2010-2014).

---

² According to the Economic overview of Ethiopia by the World Bank, the economy has experienced strong and broad based growth over the past decade, averaging 10.8% per year in 2003/04 - 2012/13 compared to the regional average of 5.3%. Expansion of the services and agricultural sectors account for most of this growth, while manufacturing sector performance was relatively modest. Private consumption and public investment explain demand side growth with the latter assuming an increasingly important role in recent years. Economic growth brought with it positive trends in reducing poverty, in both urban and rural areas. While 38.7% of Ethiopians lived in extreme poverty in 2004-2005, five years later this was 29.6%, which is a decrease of 9.1 percentage points as measured by the national poverty line, of less than $0.6 per day. Using the Growth and Transformation Plan (GTP), the government’s goal is to reduce this further to 22.2% by 2014-2015 (Available at http://www.worldbank.org/en/country/ethiopia/overview, retrieved on 30 June 2015)

³ According to the African Development Bank, after a decade of continuous expansion, during which real GDP growth averaged 10.8% per annum, in 2013/14, Ethiopia’s economy grew by 10.3%, making the country one of Africa’s top performing economies and this strong growth is expected to continue in 2015 and 2016. Available at http://www.afdb.org/en/countries/east-africa/ethiopia/ethiopia-economic-outlook/, retrieved on 1 July 2015.
The industrial development strategies of the country are based on the guiding principles which include (1) acknowledging that the private sector is the engine of the industrial development effort, (2) the industrial development commitments have to be undertaken within the overall development policy of the country, which is agriculture-led industrialization, (3) pursue export-oriented industrial development, (4) focus on expanding labor intensive industries, (5) participate and involve both local and foreign investors to realize the industrial development, and (6) implement directions to foster the participation of all sectors of the society in the industrialization effort (EPRDF, 2015b). The other strategy, i.e, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), which was in place in the five years preceding 2010/11 had a medium term development perspective aimed at a minimum to achieving the targets of Millenium Development Goals (MDG). The third, GTP, is the most ambitious plan considered by the governement. As it is indicated in the GTP document provided by the government, the Ethiopian government has designed and is implementing strategies, policies and plans to guide and manage the overall development of the country. It is disclosed that during the PASDEP implementation period, high and sustained economic growth and significant social and human development results were realized. In other words, following PASDEP, the government developed and has been implementing GTP (2010-2014), with a longer term vision to make Ethiopia one of the middle income countries by 2020-2023. It is also described in the GTP document that it is envisaged that in addition to maintaining a fast growing economy, better results will be realized in all sectors (EPRDF, 2011).

Further, recently another plan, which is GTP-2, was announced in 2015. The draft GTP II document that was issued in September 2015 indicates that the overarching objective of the Second Growth and Transformation Plan (GTP II) is the realization of Ethiopia’s vision of becoming a lower middle income country by 2025 by achieving an annual average real GDP growth rate of 11 percent within stable macroeconomic environment while at the same time pursuing aggressive measures towards rapid industrialization and structural transformation (FDRE, 2015), and GDP II gives special place to the manufacturing sector (Daniel, 2015).

2.2.4. Economic context

Ethiopia is a developing country that is designated as a low income country by the World Bank, with a GDP of $54.8 billion, with a GDP growth rate of 9.9% and a GNI per capita of $550 (2014). To provide a comparative view of the economic status of Ethiopia with some
other African countries, a neighboring country to Ethiopia, Kenya, is designated by the World Bank as a lower middle income country and it has a bigger GDP than Ethiopia, which is $60.9 billion, with a GDP growth rate of 5.3% and GNI per capita of $1,290 (2014). Meanwhile, South Africa, which is an upper middle income nation, has a GDP of $349.8 billion with 1.5% annual growth and a GNI per capita of $6,800 (2014) (World Bank, 2015a).

In terms of wealth distribution among citizens, the World Bank estimate (2010) indicates that Ethiopia stands at a GINI Index of 33.6, while in the same year Germany had a GINI index of 30.6, Greece 34.7, Indonesia 35.6, Ireland 32.1, Italy 35.5, Poland 33.2, and The Netherlands 28.9. GINI index measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution. Smaller values for the GINI index indicate better wealth distribution among citizens (World Bank, 2010).

Ethiopia’s economy relies heavily on agriculture. Nonetheless, as illustrated in CIA’s World Factbook (2013), even though Ethiopia’s economy is based on agriculture, the government is pushing to diversify into manufacturing, textiles, and energy generation. Coffee is a major export crop. The agricultural sector suffers from poor cultivation practices and frequent drought. It is also maintained that the banking, insurance, telecommunications, and micro-credit industries are restricted to domestic investors, but Ethiopia has attracted significant foreign investment in textiles, leather, commercial agriculture and manufacturing. While GDP growth has remained high, per capita income is among the lowest in the world (CIA, 2013). In line with business opportunities, it was found that the main overall opportunity for investment and business in Ethiopia is that the government seeks to eliminate poverty and is dedicated to economic progress; USAID’s report also added that on the aspect of economic growth, Ethiopia obtained commendable levels over the last five years, and the government has developed comprehensive agricultural and overall economic development plans, with the advantage of low wage rates and untapped savings outside of formal financial institutions to foster domestic and export growth. The report asserts that there has been tremendous growth in the number, diversity and market share of private businesses in the country’s economy (USAID, 2012). Similarly, The World Bank indicated that the country’s economy has experienced strong and broad-based growth over the past decade, averaging 10.8% per year in 2003/04-2012/13 compared to the regional average of 5.3%. Expansion of the services and agricultural sectors account for most of this growth, while manufacturing sector performance was relatively modest. Private consumption and public investment explain demand side
growth with the latter assuming an increasingly important role in recent years (World Bank, 2015b).

Overall, in its present status, reports indicate that Ethiopia is one of fastest-rising non-oil economies in Africa (Our Africa, 2015). This is also asserted by the United Nations Development Programme (UNDP), which stated that the Ethiopian economy has experienced impressive growth performance over the last decade with average GDP growth rate of 11%, which is about double of the average growth for Sub Saharan Africa. The report also added that 2012/13 was markedly successful in terms of maintaining macroeconomic stability and fiscal management as witnessed by inflation falling to a single digit, which had been a major challenge in the previous two years. The medium term outlook shows that the growth will continue albeit at a slower pace than the previous years (UNDP, 2014). However, although the economy is growing rapidly and was one of Africa’s top performing economies (in 2012/2013), according to the African Development Bank Group (2015), trade and industrial policies are not yet attuned to global value chains; such policies should address all obstacles and opportunities linked to each level of the global market.

Generally, based on the 2015 report from the Heritage Foundation (2015) with its large domestic market and promising economic prospects, Ethiopia has the potential to become a regional economic powerhouse, but persistent state intervention in the relatively closed economy has suppressed the growth of economic freedom over the past five years. Overall, the institutional basis of economic freedom in Ethiopia is still weak. The government has made significant investments in major development projects, including the Grand Renaissance Dam, but restricts foreign investment in major industries and keeps important sectors of the economy closed to global trade and investment.

2.2.5. Ecological context
According to the United Nations Environment Programme (UNEP), the rural environment in Ethiopia is endowed with farmlands, lakes, rivers, livestock, forests, woodlands, grasslands, wildlife and plenty of open spaces. Approximately 60% of Ethiopia’s land surface is classified as arid and semi-arid, the remaining 40% being sub-humid and humid and thus of high agricultural potential. In contrast to the rural areas, the urban environment is characterized by such variables as very high population, high density of housing, crowded market centers and contamination from industrial effluent. Of all the environmental problems, the country's most critical concern focuses on the management and utilization of its
land resources. The intensive use of the limited arable land by subsistence farmers under past
governments of uninformed interference has led to serious instances of land degradation. Though air pollution has become a fairly serious localized problem in the country’s Capita – Addis Ababa, water pollution as well as domestic and industrial wastes are some of the problems that have resulted from the process of industrial expansion and social transformation taking place in the country (UNEP, 2015).

Based on a related report from the UNDP (2011) Ethiopia is a land of natural contrasts. It stretches over more than 1.1 million square kilometers and has a wide variety of climate zones and soil conditions. Large parts of the country are at high altitude; Addis Ababa is at an elevation of more than 2000m. With the Danakil depression, Ethiopia also features one of the lowest points of the continent. Ethiopia is a landlocked country with sea-access primarily via its neighbor Djibouti. The report also indicated the country’s climate vulnerability, and it is stated that Ethiopia’s vulnerability to climate change risks has its root in various factors, including its geographic location and social and economic structure. Dependency of its population on climate sensitive sectors for livelihood, widespread environmental degradation and fragile ecosystems, limited national scientific, technological, financial and institutional capacity, poor infrastructure add-up to heighten Ethiopia’s vulnerability to the impacts of climate change. Moreover, the report pointed out that agriculture, water supply, hydropower production, economic and social infrastructure, health and biodiversity are the sector primarily affected with stronger secondary downstream impact to all sectors of the economy and the society

2.2.6. CSR in Ethiopia

CSR is a contemporary issue in Ethiopia. The area is one of the least explored fields in the country’s context. Not only in the context of Ethiopia in particular, but also CSR studies in the context of the developing and transitional economies, in general, are less represented (Egri & Ralston, 2008; Utting, 2003; Visser, 2008). Earlier, it was said that most businesses in Ethiopia “do not think in terms of CSR, but instead, for the most part, are concerned with economic survival” Robertson (2009, p. 623). Nonetheless, according to the report from the USA Department of State (2014), some larger international companies have introduced CSR programs. The report also indicated that there is a movement to develop CSR programs by the Ministry of Industry in collaboration with the World Bank, U.S. Agency for International Development, and others. Further, it is outlined in the report that CSR programs supporting
workforce capacity-building and services, community-building and infrastructure investment programs by foreign corporation can serve to further align company objectives with the government of Ethiopia’s overall GTP development goals.

Based on the information obtained from the Ministry of Labour and Social Affairs of Ethiopia (MOLSA), the government is currently working towards developing a national CSR guideline; and MOLSA is mandated to develop this national CSR guideline. Towards this end, this Ministry had organized a consultative meeting with the business community in the country in 2014; the Ministry claims that it has obtained positive reaction from the companies that have participated in the consultative meeting. As the available documents of the consultative meeting indicate, the agendas of the discussion were: the concept and theory of CSR, key issues and areas that businesses have to focus on in implementing CSR, developing national CSR guideline, CSR in the 21st Century, organizations’ stakeholders in the implementation of CSR, and what must be done to realize CSR in Ethiopia.

It is emphasized in the consultative meeting that businesses that operate in the country have responsibilities that go beyond making profit; moreover MOLSA has identified and suggested areas of CSR that the businesses may embark on. These are: (1) environment protection responsibilities including controlling water and air pollution, applying business practices that are resilient and adaptive to climate change, ensuring that all business practices are undertaken with the goal of sustainable development, and nurturing the environment; (2) workplace responsibilities encompassing elimination of child labor and forced labor; respecting employees’ rights to forms association (trade unions), reinforcing occupational health and safety practices, and promoting public health over the use of certain products such as alcohol, tobacco, and other drugs; and (3) social/community centered responsibilities such as participating in poverty reduction, creating employment opportunities, contribute to the increment of public and government income including taxes, commitment to skills and technology transfer, offering healthy and safe products to consumers, and developing human capital through training, education and other possible methods. Overall, MOLSA suggested that businesses that operate in the country may need to integrate their business goals with CSR practices that could benefit individuals, families and communities economically,

---

4 This excerpt was taken from the presentation materials of MOLSA during the consultative meeting that it had with the business communities in Ethiopia. The meeting was held on December 27, 2014, at Radisson Blu Hotel, Addis Ababa, Ethiopia.
environmentally, and socially. Further, the Ministry stated that this could be achieved when businesses voluntarily devote to formal CSR commitments financially (such as financial support), in-kind contributions and engaging in development projects.

2.3. Legislative Context - The Legal and Business Context
The 1960 Commercial Code of Ethiopia is the vital legal document that governs businesses in the country. Without undergoing major revisions and amendments since it is drafted, it is expected that this “old” Commercial Code could hardly have provisions that incorporate contemporary CSR issues as it was never updated. As a result there is no a legal framework that requires businesses to engage in CSR in Ethiopia. As indicated earlier, it was found that MOLSA is presently developing a national CSR guideline, and towards this end it has conducted consultative meetings with the business community. Nonetheless, although there is not a definitive CSR provision or proclamation at a national level, there are scattered laws and regulations that impose on businesses and organizations in the country to be responsible in their business practices. These scattered laws are found in: (a) Constitution; (b) National Social Protection Policy; (c) Environmental Protection Laws (including endorsed international environment protection frameworks); (d) Labor laws (including endorsed ILO conventions); (e) Human Right Laws (including endorsed major AU and UN conventions); (f) Broadcasting Services and Advertisement laws; and (g) Ethics and Anti-corruption laws (including the endorsed UN Anti-Corruption Convention). The following sections provide more specific information concerning these scattered policies and laws.

2.3.1. Relevant articles from the Ethiopian Constitution
The most relevant articles of the 1995 Ethiopian Constitution with respect to the area of this study include Article 41 (Economic, Social and Cultural Rights), Article 42 (Rights of Labor), Article 43 (Right for Development), Article 44 (Environmental Rights), Article 90 (Social Objectives), and Article 92 (Environmental Objectives) (see FDRE, 1995). These Articles are highlighted next:

Economic, Social and Cultural Rights – “Every Ethiopian has the right to engage freely in economic activity and to pursue a livelihood of his choice anywhere within the national territory” (Article 41(1)), and “Ethiopian farmers and pastoralists have

5 Ibid.
the right to receive fair prices for their products that would lead to improvement in their conditions of life” (Article 41 (2)).

Rights of Labor: The Constitution states that “employees have the right to form associations (trade unions) to improve their conditions of employment and wellbeing through collective bargaining. This right includes the right to form trade unions and other associations to bargain collectively with employers or other organizations that affect their interests” ((Article 42(1a)) and “workers have the right to reasonable limitation of working hours, to rest, to leisure, to periodic leaves with pay, to remuneration for public holidays as well as healthy and safe work environment” ((Article 42(2)).

Right for Development: the Constitution also contains important articles about the right for development. Accordingly, it is stated that the “Peoples of Ethiopia as a whole, and each Nation, Nationality and People in Ethiopia, in particular, have the right to improved living standards and to sustainable development” (Article 43(1)); it is also indicated that “Nationals have the right to participate in national development and, in particular, to be consulted with respect to policies and projects affecting their community” (Article 43(2)). Moreover, it is maintained that “all international agreements and relations concluded, established or conducted by the State shall protect and ensure Ethiopia's right to sustainable development” (Article 43(3)); and “the basic aim of development activities shall be to enhance the capacity of citizens for development and to meet their basic needs”(Article 43(4)).

Environmental Rights: Article 44 of the Ethiopian Constitution underscores environmental rights. According to this section of the Constitution, “all persons have the right to a clean and healthy environment” (Article 44(1)) and “all persons who have been displaced or whose livelihoods have been adversely affected as a result of State programmes have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance” (Article 44(2)).

Social Objectives: these are mainly described in Article 90. It is declared that to the “extent the country's resources permit, policies shall aim to provide all Ethiopians
access to public health and education, clean water, housing, food and social security” (Article 90(1)).

Environmental Objectives: there are also stated environmental objectives in the constitution of Ethiopia. One asserts that “the government shall endeavor to ensure that all Ethiopians live in a clean and healthy environment” (Article 92(1)) and “the design and implementation of programmes and projects of development shall not damage or destroy the environment” (Article 92(2)). Moreover, it states that “people have the right to full consultation and to the expression of views in the planning and implementation of environmental policies and projects that affect them directly” (Article 92(3)), and “the government and citizens shall have the duty to protect the environment” (Article 93(4)).

2.3.2. The national social protection policy
As clearly disclosed in the document of The National Social Protection Policy of Ethiopia (MOLSA, 2012), this framework is developed as one of the approaches to the realization of the social and economic rights that are contained in Article 41 of the country’s Constitution (Economic, Social and Cultural Rights). This National Social Protection Policy document, which was later ratified by the government in 2014, has four dimensions: “protect, prevent, promotive and transformative.” Accordingly, its aim is to serve as a complete framework that leads to achieve coordinated actions to: (1) protect citizens from economic and social deprivation through emergency interventions and targeted cash transfers; (2) preventive actions designed to avert deprivation or to mitigate the impact of adverse shocks including health and unemployment insurance; (3) promotive actions that aim to enhance assets and human capital and income earning capacity; and (4) transformative actions including legal and judicial reforms, budget analysis and policy evaluations to help the nation better manage social protection.

In connection, it is indicated in this National Social Protection Policy Document that the National Social Protection Policy replaces the previous Developmental Social Welfare Policy. As the National Social Protection Policy document reveals, its implementation has been characterized by limited geographical coverage, inadequate inter-sectoral linkages and coordination, weak institutional capacity and lack of clarity regarding accountability for delivering social protection outputs. Further, it is specified in the National Social Protection
Policy Document that the new Social Protection Policy entails the introduction of mechanisms that address the limitations of the previous Developmental Social Welfare Policy. Moreover, this National Social Protection Policy document asserts that this shift from Developmental Social Welfare to Social Protection reflects the increased priority being placed on social protection service provision without which reaching the targets of both the short and long-term development goals of the country for the most vulnerable will not be met. Accordingly, the policy defines social protection as being a set of “formal and informal interventions that aim to reduce social and economic risks, vulnerabilities and deprivations for all people and facilitates equitable growth” (MOLSA, 2012). Consequently, the document reveals that the social protection actions will focus on the elderly, labor constrained individuals and households, people with disabilities, pregnant and lactating women, persons living with or directly affected by HIV and AIDS and other chronic debilitating diseases, vulnerable children, the unemployed, people affected by natural and manmade calamities and victims of social problems (such as drug use, beggars, victims of trafficking and commercial sex workers) and people having difficulties in accessing basic social services, The National Social Protection Policy of MOLSA (2012).

Further, this National Social Protection Policy document affirms that there is “limited understanding and consensus on the legal, economic, social and political rationale for Social Protection (SP), and its specific instruments and approaches among the legislature, the civil service and civil society. There are gaps in legal authority to enforce requirements for sector-wide engagement and accountability,” The National Social Protection Policy of MOLSA (MOLSA, 2012, p.13).

2.3.3. Environmental protection laws (including endorsed international and regional conventions)

There is a mix of national environmental policy, laws and regulations (proclamations) as well as international environmental frameworks that are endorsed by the country. According to a report from the Ethiopian Ministry of Foreign Affairs (MFA), the overall environmental policy states that its goal is to improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of natural, human-made and cultural resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (MFA, 2015). Moreover, there are specific
environmental laws and regulations that the researcher obtained from the Ethiopian Ministry of Environment and Forest: Environmental Impact Assessment Proclamation No.299/2002, Environmental Pollution Control Proclamation No. 300/2002, Solid Waste Management Proclamation (No. 513/2007), Prevention of Industrial Pollution, and other endorsed international environmental conventions. A brief outline of these laws and regulations is provided below.

2.3.3.1. Environmental impact assessment proclamation No.299/2002
According to this proclamation “without authorization from the authority or from the relevant regional environmental agency, no person shall commence implementation of any project that requires environmental impact assessment as determined in a Directive issued pursuant to Article 5 of this Proclamation” (Article 3(1)), and “the impact of a project shall be assessed on the basis of the size, location, nature, cumulative effect with other concurrent impacts or phenomena, transregional effect, duration, reversibility or irreversibility or other related effects of the project” (Article 4(1)) (FDRE, 2002a). In pursuant of this proclamation, a Directive was issued (Directive No. 2/ 2008) that provides list of types of projects requiring environmental impact assessment; nonetheless the brewery sector is not in the list (FDRE, 2008a). It is evident that the brewery sector consumes a large amount of water, which has an apparent impact on the environment. The breweries that operate in Ethiopia use both surface water and underground water. Surface water is “natural water that has not penetrated much below the surface of the ground” (Surface Water, 2016) and “ground water is water that is underground, water within the earth especially that supplies wells and springs” (Ground Water, 2016).

2.3.3.2. Environmental pollution control proclamation No. 300/2002
In addressing the issue of pollution, this proclamation declares that “no person shall pollute or cause any other person to pollute the environment by violating the relevant environmental standard” (Article3(1)), and “the Authority or the relevant Regional Environmental Agency may take an administrative or legal measure against a person who, in violation of law, release any pollutant to the environment” (Article3(2)) (FDRE, 2002b).

2.3.3.3. Solid waste management proclamation (No. 513/2007)
Within this proclamation, a relevant article to this study is chapter three of the proclamation that states the “manufacturer or importer of glass containers or tin cans shall develop and
implement a system that enables it, on its own or through other persons, to collect and recycle used glass containers or tin cans” (Article 7(1)) (FDRE, 2007b).

2.3.3.4. Prevention of industrial pollution
According to the Prevention of Industrial Pollution Council of Ministers Regulation (Regulation No. 159/2008), “factories in the industrial sector of the country shall minimize the generation of every pollutant to an amount not exceeding the limit set by the relevant environmental standard and dispose of it in an environmentally sound manner” (Article 4(1)) and “have obligation to handle equipment, inputs and products in a manner that prevents damage to the environment and animal health”(Article 4(1)). It is also stated that “every factory shall notify the competent environmental organ of any potential pollutant, input or product, under its possession. Further, it is stated that if the factory loses a potentially pollutant, input or product, it shall immediately notify the competent environmental organ” (Article 4(4)) (FDRE, 2008b).

Moreover, the country has signed and ratified with proclamations a number of international conventions concerning environmental protection including the Stockholm Convention on Persistent Organic Pollutants Ratification Proclamation (ratification proclamation No. 279/2002), the Rotterdam Convention on prior informed consent procedure for certain hazardous chemicals and pesticides in international trade (Ratification Proclamation No. 278/2002), the Cartagena Protocol on biosafety to the convention on biological diversity (Ratification Proclamation No. 362/2003), Vienna Convention and the Montreal Protocol on control of Ozone layer depleting substances (Ratification Proclamation No. 716/2011), the Kyoto Protocol on the reduction of greenhouse gases (Ratification Proclamation No. 439/2005), Basel Convention on the Control of the transboundary movements of hazardous wastes and their disposal (Ratification Proclamation No. 192/2000), UN framework convention on climate change (Ratification Proclamation 97/1994), Bamako convention (Ratification Proclamation No. 355/1995), The UN Convention to combat desertification (Ratification Proclamation No. 81/1989) and Convention on Biodiversity (Ratification Proclamation No. 98/1986).

Generally, the recent amendment of the investment proclamation of the country (Investment Amendment Proclamation No. 894/2014) also verifies how salient the progress is with respect to environmental issues, in essence unlike the previous investment proclamation No. 769/2012 (FDRE, 2012b), the recently amended investment proclamation inserted an
environmental aspect that states that “mitigating the impacts of environmental pollution” (Article 2(17)) be part of the considerations of the government to grant approval for a certain investment (FDRE, 2014).

2.3.4. Labor laws (including endorsed ILO conventions)

As indicated earlier under the topic of relevant articles of the Constitution of Ethiopia, labor rights are constitutional rights in the country. As a result the Constitution asserts that employees have the right to form associations (trade unions) in order to improve their conditions of employment and well-being through collective bargaining; workers have the right to reasonable limitation of working hours, to rest, to leisure, to periodic leaves with pay, to remuneration for public holidays as well as healthy and safe work environment (FDRE, 1995). Moreover, there is a labor law (Labor Proclamation No. 377/2003) that provides the basic principles over worker-employer relations and labor conditions taking into account the political, economic and social policies of the government and in conformity with the international conventions and other legal commitments to which Ethiopia is a party with a view to enabling workers and employers to maintain industrial peace and work in the spirit of harmony and cooperation towards the all-round development of the country (FDRE, 2003).

Accordingly, this Labor Proclamation stipulates the obligations of the employers and rights of employees. The highlights of the Labor Proclamation include the employer’s duty “to pay the worker wages and other emoluments in accordance with this proclamation or collective bargaining” (Article 12 (2)), “to respect the worker’s human dignity” (Article 12 (3)), “to take all the necessary occupational safety and health measures” (Article 12 (4)), “to defray the cost of medical examination of the worker whenever such medical examination is required by the law or appropriate authority” (Article 12 (5)), “to keep register of health conditions and employment injury of the worker” (Article 12 (6)), “to provide the worker, free of charge, with a certificate stating the type of work he performed, the length of the service, and the wages he was earning, whenever needed and requested by the worker” (Article 12 (7)).

Concerning workers’ rights of health and safety, Article 92 of the Labor Proclamation avers that an “employer shall take the necessary measures to safeguard adequately the health and safety of the workers. More specifically the article states, an employer should comply with the occupational and safety requirements” (Article 92(1)), “take appropriate steps to ensure that workers are properly instructed and notified concerning the hazards of their respective
occupations and the precautions necessary to avoid accidental injury to health; ensure that directives are given and also assign safety officer; establish an occupational, safety and health committee” (Article 92(2)), “provide workers with protective equipment, clothing and other materials and instruct them of its use” (Article 92(3)), “register employment accident and occupational diseases and notify the labor inspection of same” (Article 92(4)), “arrange, according to nature of work, at its own expense for the medical examination of newly employed workers and for those workers engaged in hazardous work, as may be necessary” (Article 92(5)), “ensure that the workplace and premises do not cause danger to the health and safety of the workers” (Article 92(6)), “take appropriate pre-executions to ensure that all the processes of work shall not be a source or cause of physical, chemical, biological, ergonomical, and psychological hazards to the health and safety of the workers” (Article 92(7)).

With respect to the employees’ right to form an association, there are important articles in the Labor Proclamation. Accordingly, it is affirmed that “the workers have the right to establish trade unions (organization formed by workers)” (Article 113(1)); “trade union has the right to bargain a collective agreement “(Article 125 (1)); “with respect to representation, where there is a trade union, the leaders of the trade union represent the workers in the collective bargaining” (Article 126 (1b)). “While matters concerning employment relationship and conditions of work as well as relations of employers and their organizations with workers may be determined by collective agreement” (Article 128), “without prejudice to the generality of Article 128, contents of the collective bargaining may include matters left by this Proclamation or other laws to be regulated by collective bargaining” (Article 129(1)); “the conditions for protection of occupational safety and health and the manner of improving social service” (Article 129(2)); “workers’ participation, particularly, in matters regarding promotion, wages, transfer, reduction and discipline” (Article 129(3)), “conditions of work, the procedure for making work rules and grievance procedures” (Article 129(4)), and “arrangement of working hours and interval break times” (Article 129(5)).

Moreover, as it is indicated in the report by the Harmonious Industrial Relations Directorate of MOLSA, Ethiopia has endorsed and ratified several international conventions. Table 2 below summarizes the international conventions endorsed and ratified by Ethiopia (MOLSA, 2011).
<table>
<thead>
<tr>
<th>No</th>
<th>Convention</th>
<th>Date of Ratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unemployment Convention, 1999 (No 2)</td>
<td>11-06-1966</td>
</tr>
<tr>
<td>2</td>
<td>Rights of Association Convention, 1921 (No. 11)</td>
<td>4-06-1963</td>
</tr>
<tr>
<td>3</td>
<td>Weekly Rest (Industry Convention), 1921 (No. 14)</td>
<td>28-01-1991</td>
</tr>
<tr>
<td>4</td>
<td>Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)</td>
<td>4-06-1963</td>
</tr>
<tr>
<td>5</td>
<td>Employment Service Convention, 1948 (No 88)</td>
<td>4-06-1963</td>
</tr>
<tr>
<td>6</td>
<td>Fee-Charging Employment Agencies Convention, 1948 (No. 96)</td>
<td>ratified on 30-04-1991</td>
</tr>
<tr>
<td>7</td>
<td>The Right to Organize and Bargain Collectively Convention, 1948 (No 98)</td>
<td>4-06-1963</td>
</tr>
<tr>
<td>8</td>
<td>Equal Remuneration Convention, 1951 (No 100)</td>
<td>24-03-1999</td>
</tr>
<tr>
<td>9</td>
<td>Abolition of Forced Labor Convention, 1957 (No 105)</td>
<td>24-03-1999</td>
</tr>
<tr>
<td>10</td>
<td>Weekly Rest (Commerce and Offices) convention 1957 (No 106)</td>
<td>28-01-1999</td>
</tr>
<tr>
<td>11</td>
<td>Discrimination (Employment and occupation) Convention 1958 (No. 111)</td>
<td>11-06-1966</td>
</tr>
<tr>
<td>12</td>
<td>Minimum Age Convention, 1973 (No. 138)</td>
<td>27-05-1999</td>
</tr>
<tr>
<td>14</td>
<td>Workers with Family Responsibilities Convention 1981 (No 156)</td>
<td>28-01-1991</td>
</tr>
<tr>
<td>15</td>
<td>Termination of Employment Convention, 1982 (No 158)</td>
<td>28-01-1991</td>
</tr>
<tr>
<td>17</td>
<td>Private Employment Agencies Convention, 1997 (No.181)</td>
<td>24-03-1999</td>
</tr>
</tbody>
</table>
Table 2: Ratified ILO Conventions by Ethiopia.
(Source: MOLSA-Harmonious Industrial Relations Development Program Report, 2011)

<table>
<thead>
<tr>
<th>No</th>
<th>Convention</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Forced Labor Convention, 1990 (No 29)</td>
<td>2-09-2003</td>
</tr>
<tr>
<td>19</td>
<td>Worst forms of Child Labor Convention, 1999 (No. 182)</td>
<td>2-09-2003</td>
</tr>
<tr>
<td>20</td>
<td>Final Articles Revision Convention, 1946 (No. 80)</td>
<td>23-07-1947</td>
</tr>
<tr>
<td>21</td>
<td>Final Articles Revisions Convention, 1961 (No. 116)</td>
<td>11-06-1966</td>
</tr>
<tr>
<td>22</td>
<td>Tripartite Consultation (International labor Standards) Convention, 1976 (No. 144)</td>
<td>06-06, 2011</td>
</tr>
</tbody>
</table>

2.3.5. Human right laws (including endorsed international conventions)
As stated in the Human Rights Action Plan report (FDRE, 2013) which is ratified by the Minister of Councils of Ethiopia, one-third of the country’s Constitution is all about human rights, including civil and political rights, economic, social and cultural rights as well as environmental rights as part of the aspects of the human right issues (most of them are discussed in the previous sections). Moreover, the report indicated that according to Article 9(4) of the Constitution, all endorsed and ratified international laws and conventions become immediately part of the country’s laws. In view of this, the report reaffirms that the country has endorsed a number of international and regional human rights conventions and agreements. The report identified the following as the most important ones (the year stated after the Convention refers to the year in which Ethiopia signed and ratified or endorsed such conventions): Universal Declaration of Human Rights (Signatory, 1948), International Covenant on Economic, Social and Cultural Rights (1993), International Covenant on Civil and Political Rights (1993), International Convention on the elimination of all forms of racial discrimination (1976), Convention on the rights of the child (1991), Convention on the elimination of all forms of discrimination against women (1980), African (Banjul) Charter on Human and Peoples’ Rights(1998), African Charter on the Rights and Welfare of the Child, UN Convention on the rights of persons with disabilities (2010) (FDRE, 2013).

2.3.6. Broadcasting services and advertisement laws
There are two important proclamations with regards to broadcasting services and advertisement in Ethiopia. According to the Ethiopia’s Broadcasting Service Proclamation No. 533/2007, broadcasting service is believed to play a major role in promoting the development of the country by providing information, education, and entertainment programs
to the public. This particular proclamation also upholds that broadcasting service “plays a major role in exercising the basic constitutional rights such as freedom of expression and access to information” (FDRE, 2007a). Moreover, this Proclamation contains important articles that relate to commercial advertisement practices and sponsored programs. With respect to advertisement in general, the Broadcasting Service Proclamation declares that “commercial advertisement shall be truthful, not misleading and publicize lawful trade activities” (Article 33 (2)). Meanwhile, with reference to prohibited advertisements, among others, the proclamation states that the broadcasting of the following advertisements are prohibited: “any advertisement that violates gender equality and that disregards the dignity and human rights of women” (Article 34(1)), and “advertisements of liquors with more than 12% alcoholic contents” (Article 34(4)). With regard to sponsored programs, Article 36 (1) states that the “content and timetable of a sponsored program shall not fall under the influence of the sponsor. In particular, a sponsored program shall not agitate the sale or hire of the sponsor’s products or services.”

The other proclamation that relates to broadcasting service and advertisement in Ethiopia is the Advertisement Proclamation No. 759/2012 (FDRE, 2012a), which is particularly inducted to regulate advertisement practices in the country and to clearly articulate the rights and obligations of advertising agents, advertisement disseminators and advertisers. Among others, Article 6 of this proclamation outlines the contents and presentation of advertisement stating that any advertisement shall, in its content and presentation “not be contrary to the law or moral (Article 6(1a)), “be free from misleading or unfair statements” (Article 6(1b)), “respect the social and traditional values of the society and not infringe the legitimate interests of consumers” (Article 6(1c)), “describe the true nature, use, quality and other similar information of the product or service intended to be promoted” (Article 6(1d)), “not undermine the commodities or services of other persons” (Article 6(1e)). Moreover, according to Article 7(8), among others, “advertisement with obscene written message, image, picture, film or similar presentation” is deemed to be unlawful. Further, later articles of the proclamation, such as Article 8 also highlight various forms of advertisements that shall be deemed to be having misleading or unfair content or presentation: “advertisement promoting a product or service contrary to the rules of fair trade competition by undermining those consumers who do not use the product or the service” (Article 8(7)), “advertisement that undermines a product or service, or the capacity or reputation of a competitor by
comparing and contrasting it with one's product or service, or that degrades local products or services with the aim of promoting preference to an imported product or service” (Article 8(8)), “an advertisement which uses false testimony” (Article 8(16)), “advertisement containing superlatives such as "the first of its kind," "the only one," "for the first time," "never ever before," or "unparalleled," if it cannot be proved with evidence” (Article 8(17)).

Moreover, Advertisement Proclamation No. 759/2012 consists of articles with regards to advertisement to minors. Accordingly, the following forms of advertisements are expressed as prohibited: “an advertisement that may harm the attitude, feeling or thinking of a minor” (Article 10(1)), “an advertisement that openly motivates a minor to require his parent, guardian, tutor or any other person to buy the advertised product or service (Article 10(3)), “an advertisement causing inferiority complex to a minor that did not buy the advertised product or service, by portraying that the one who does is better than the one who does not (Article 10(5)),” and “an advertisement that demonstrates, through mixing of sounds, writings and pictures, a minor while doing any action contrary to law or moral, or being in a dangerous situation or place (Article 10(6)). Finally, with regard to alcohol advertisement, Article 26 of the Proclamation underscores that any advertisement of liquor may not: “advertise that consumption of the liquor is good for health, brings about individual or social success, improves psychological or physical strength or provides healing power, or instigate its repeated consumption or over drinking” (Article 26 (3a)), “undermine or oppose abstention from alcohol addiction” (Article 26 (3b)), “concentrate on minors, or use a minor as an advertisement actor (Article 26 (3c)), or “contain other similar messages” (Article 26 (3d)), and “an outdoor advertisement of any liquor may not be placed within 100 meters radius of a children’s care center, school, medical or historical institution, cinema or theater hall or a stadium” (Article 26(4)).

2.3.7. Ethics and anti-corruption laws

Although there is a considerable improvement in recent years, corruption is still a significant problem in Ethiopia (Heritage Foundation, 2015). In order to address issues of corruption, there is a responsible organ in the country - The Federal Ethics and Anti-Corruption Commission (FEACC). The FEACC was established in 2001, with the aim to become one of the best anti-corruption institutions in the world by 2023 by curbing corruption to the level
where it cannot become an obstacle to good governance and development efforts of the country (FEACC, 2012).

Following the serious measures taken by the government to combat corruption, it is indicated in the FEACC’s print document of the profile of Federal and Regional Ethics and Anti-Corruption Commissions of Ethiopia (2012) that Ethiopia did everything in its capacity to include all anti-corruption provisions in the amended penal code, which came into effect in 2005. FEACC defined corruption as the offering, giving, soliciting, or acceptance of inducement, promise or reward; the making of threats or use of intimidation, in words or in behavior, exerting influence by the abuse of authority or its inconsistent application, which may improperly influence the actions subsequently taken, or not taken, by a body, its members, or its officers, for the benefit or competitive advantage of self or another (FEACC, 2012). In connection, it is indicated that the commission’s approaches in combating corruption include expanding ethics and anti-corruption education among the public in order to prevent corruption from happening, and if it is committed then the commission investigates and prosecute corruption offences. It is also reported that Ethiopia has already ratified the UN Convention against Corruption and the African Union Convention on Preventing and Combating Corruption in 2007 (FEACC, 2012). Nonetheless, the FEACC’s jurisdiction is limited only to public institutions. The commission has no jurisdiction to deal with corruption issues in the private sector. This is also confirmed in the interview that the researcher had with the representative of the commission.

2.3.8. Bilateral investment treaties (BITS) and other international investment agreements (Other IIAS)

According to the report of the Ethiopian Business Review, as of 2012, the top ten FDI source countries to Ethiopia were Turkey, India, The Netherlands, UK, Sudan, China, Qatar, USA, Germany, and Italy (Ethiopian Business Review, 2012). A report by United Nations Conference on Trade and Development (UNCTAD) indicates that Ethiopia has signed BITS with 31 countries, and among the top ten FDI sources to the country, eight of the countries except USA and Qatar have signed BITS with Ethiopia (UNCTAD, 2013). In the words of Hailu and Kassahun, “countries sign BITs with the aim of attracting foreign direct investment and protecting the foreign investors’ property from host State’s actions” (2015, p.143). Moreover, Ethiopia has signed other IIAS, including ESA-EU EPA, the COMESA
Investment Agreement, the COMESA-US TIFA, the COTONOU Agreement, the COMESA Treaty, and the AU Treaty (UNCTAD, 2013).

2.3.9. Adopted investment-related instruments


In order to provide a deeper insight into the global CSR initiatives, there is a section in the literature review chapter (Chapter 3) that describes the most popular and widely known international CSR initiatives, including: (1) the UN Global Compact, (2) the OECD Guidelines, (3) the Ruggie Framework, (4) the ILO Declarations (Labor Rights), (5) the ISO 26000 handbook, and (6) the CEO Water Mandate.
2.4. Chapter Summary

This chapter highlighted the institutional and legislative realities in Ethiopia in order to create a better understanding of the background of the research setting. Among others, the discussion portrayed the socio-cultural, political, and economic realities (comprising of specific coverage on demographic, historical, cultural and religious background of the country, government transitions and government ambitions, the investment situation in Ethiopia, and ecological setting and CSR development therein) and the legislative context (consisting of laws and regulations that relate to labor rights, environment protection, human rights, and combating corruption).

As such, Ethiopia is Africa's oldest independent country and apart from a five-year occupation by Italy, it has never been colonized. It is Africa’s political capital, where the African Union, the UN Economic Commission for Africa and many other regional and international organizations reside. The country is one of the most populous nations in the world; with a unique cultural heritage. Christianity and Islam are widely practiced across the country and religion has a prominent role in the Ethiopian society, which provides the basic code of belief of morality. The country also has deep traditions, e.g. hospitality is considered as the ultimate expression of grace in social relations, old age earns respect and prominence in society, and altruism is also an important traditional quality.

Further, Ethiopia is a developing country that is designated as a low income country by the World Bank, but in its present standing, the country is one of fastest - rising non-oil economies in Africa. Ecologically, the rural environment in Ethiopia is gifted with arable lands, lakes, rivers, livestock, forests, woodlands, grasslands, wildlife and plenty of open spaces. However, there are also many challenges, such as over population, draught, dry areas, environmental pollution by industries, lack of adequate health care and education for all, and the Ethiopian government has expressed that it welcomes private investment - domestic and foreign - to contribute to developing the country. Development implies sustainable development, in view of the Ethiopia’s government as well as that of international organizations such as the UN, World Bank, the UNDP, and the African Development Bank. Sustainable development requires the commitment from public as well as private investors and businesses to apply CSR in order to create long-term value for the society which encompasses economic value as well as social and environmental values.
Moreover, in terms of its legislative context in terms of CSR, CSR is a contemporary issue in Ethiopia, where there is no a direct CSR law or guideline for the time being. Nonetheless, despite the lack of a direct CSR law or guideline at national level, there are scattered laws, which are found in the country’s Constitution, National Social Protection Policy, Environmental Protection Laws (including endorsed international environment protection frameworks), Labor Laws (including endorsed ILO Conventions), Human Right Laws (including endorsed major AU and UN Conventions), Broadcasting Services and Advertisement laws, and Ethics and Anti-Corruption laws (including the endorsed UN Anti-Corruption Convention) that require businesses to consult such laws and abide by. Overall, it is appealing to explore how these institutional and legislative realities get involved with the CSR practices of the case companies under investigation.
PART 2

CHAPTER 3: LITERATURE REVIEW

3.1. Overview
This third chapter presents a review of literature on CSR. As part of the thesis, the literature review “invariably focuses on the topics that relate to the main research questions that have been raised and highlight the influential conceptual or empirical studies that have been conducted in the field” (Easterby-Smith, Thorpe, & Jackson, 2008, p. 30). Accordingly, the literature review of this study begins with providing the meaning of CSR, and next it presents the span or dimensions of CSR to point out the areas that CSR covers. This is followed by a section that portrays global CSR initiatives that are contemporary issues in CSR. This three sections will help to have an overview of the types of CSR practices that businesses may have to undertake. Following this, there are sections devoted to describe the motivation to CSR and stage theory of CSR; while the review of the motivation to CSR is useful in explaining why corporations undertake CSR, the stage theories describe how a business’s maturity in the CSR continuum affects its dedication in taking up CSR practices so as to shed light on the importance of maturity in CSR. Besides, as corporate governance has its own implication on the implementation of CSR, a highlight is also presented about the relationship between CSR and governance. Further, the study provides a highlight regarding the adoption of CSR (in developing countries) and challenges, as well as a review of extant literature on CSR practices in developing countries and Ethiopia. Finally, the chapter winds up by presenting the most common CSR constructs that are found in the literature: stakeholder theory, institutional theory and legitimacy theory. By and large, the goal of this chapter is to highlight the existing knowledge about CSR from literature. This will also be used as a base for the development of theoretical foundations, which is covered in the next chapter, Chapter 4.

3.2. Meaning of CSR
Though its origin can be much older, the term CSR has come well to the fore during the later years of the 1990’s (Halme & Laurila, 2009; Nijhof & Jeurissen, 2010). Earlier from this, it was known more often as social responsibility (SR) than as CSR; perhaps this was because modern businesses were not prominent (Carroll, 1999). A good illustration could be the book - ‘social responsibilities of businessman’ (Bowen, 1953), whereby the author described the businessman as having obligations to make decisions or apply policies with desirable
outcomes to the society at large. This marked a humble beginning for the development of a body of knowledge, that is today referred to as corporate social responsibility (CSR); and unlike the shareholder theory (Friedman, 1970) that advocates the responsibility of business is only wealth maximization, CSR literature stresses that modern companies have responsibilities that rise above economic objective. This is so because responsiveness that goes beyond economic objectives such as contributing to people and planet through CSR is important to ensure “the license to operate” (Graafland, Eijffinger, & SmidJohan 2004, p. 137) and CSR can also be used as a source of great social progress (Porter & Kramer, 2006).

In this modern and, above all, globalized world with complex and dynamic conditions, the conventional economic premise alone does not embrace the requirement of the day (Scherer, et al., 2006). In view of this, Banyte, Brazioniene, and Gadeikiene (2015, p. 550) claim “recent theoretical as well as practical scientific studies confirm the importance of the development of the corporate social responsibility conception and of its integration into different areas of company activity.” There are a range of explanations regarding the meaning of CSR in the literature, and the definitions encompass aspects that clearly extend the responsibilities of a business beyond economic consideration only.

The World Business Council for Sustainable Development (n.d.), a pro-sustainability CEO-led organization, defined CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.” This entails that businesses have not only economic responsibilities but also responsibilities to the members of the society both within and outside the organization involving social, environmental and ethical responsibilities. Likewise, the European Commission defined CSR as “the responsibility of enterprises for their impacts on society and is a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” (EU Comm, 2011, p. 6). Thus based on the notions explained here, this paper considers CSR as a set of organizations’ economic, social, environmental and ethical responsibilities to its employees, customers, communities, and the environment in the territories they operate.

3.3. Span or Dimensions of CSR
CSR covers issues such as “employee relations, human rights, corporate ethics, community relations and the environment” Moir (2001, p. 2). CSR Europe (2000), a European Business
Network for CSR, considers workplace (employees), marketplace (customers and suppliers), environment, community, ethics, and human rights in its reporting guideline. Similarly, Business Impact (2000, p. 4) suggested that CSR relates to “winning with integrity towards business purpose and value, marketplace, community, environment, human rights and workforce. CSR involves treating workers of an organization reasonably, which is fair and equitable; operating business morally and justly, with integrity. It has also suggested that CSR spans over respecting basic human rights; maintaining and nurturing the environment; and being a thoughtful neighbor to communities. Tsang, Welford, and Brown (2009) identified a variety of CSR activities in practice such as community services, employee volunteering, education, charitable giving, and infrastructure for the local community.

Smith (2003) indicated that central to the idea of CSR is that businesses have more than an economic responsibility, and need to give attention to societal obligations as well. Other authors also noted that CSR is an answer to the societal uncertainties (Van Beurden & Gössling, 2008). In connection, Robins (2008) put forth that the core idea behind CSR is that business should accept that it must play more than just an economic role in society. The author argued “this is interpreted to mean a willingness to accept more than responsibility for its business driven actions and impacts but, in addition, a wider responsibility for impacts on society and the natural environment. That is, business should go beyond the call of its legislated duty of care, to give more to society. Put simply, “business should accept a direct responsibility for making the world a better place” (Robins, 2008, p. 330). More specifically, Carroll (1991) suggested that CSR incorporates four types of responsibilities: economic – be profitable, legal – obey the law, ethical – behave morally, and philanthropic – be a good corporate citizen. Moreover, Halme and Laurila (2009, p. 29) suggested in what they called “action-oriented CSR typology,” that CSR involves philanthropy, CR integration, and CR innovation. The writers put forth that “Philanthropy involves emphasis on charity, sponsorships, and employee voluntarism, and CR integration deals with emphasis on conducting existing business operations more responsibly; whereas CR innovation focuses on developing new business models for solving social and environmental problems.”

In a related manner, as cited in Hemingway (2002, p. 7), the Confederation of British Industry (CBI), the U.K. organization of employers, defines CSR in the following way:

“Corporate Social Responsibility requires companies to acknowledge that they should be publicly accountable not only for their financial performance but also
for their social and environmental record. More widely, CSR encompasses the extent to which companies should promote human rights, democracy, community improvement and sustainable development objectives throughout the world.”

In 1979, Caroll argued that “for a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical, and discretionary categories of business performance (Carroll, 1979). Ever since, other authors have also contributed towards explaining the dimensions of CSR. Fenwick and Bierema stated the dimensions of CSR from stakeholders perspective include “communities (local, national, global) and/or the natural environment as well as investors. The CSR commitment is often acknowledged to include both ecological sustainability and social development, often by recognizing a ‘triple bottom line’ (economic, social and ecological)” (Fenwick & Bierema, 2008, p. 25). This indicates that CSR has social, economic, and environmental dimensions. More specifically, according to Dahlsrud (2008) there are five CSR dimensions, including (1) environmental, (2) social, (3) economic, (4) stakeholder, and (5) voluntariness. Table 3 illustrates Dahlsrud’s five dimensions of CSR along with the definition and example phrases explaining the dimensions.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>The definition is coded to</th>
<th>Example phrases</th>
</tr>
</thead>
<tbody>
<tr>
<td>The environmental</td>
<td>The natural environment</td>
<td>“a cleaner environment”</td>
</tr>
<tr>
<td>dimension</td>
<td></td>
<td>“environmental stewardship”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“environmental concerns in business operations”</td>
</tr>
<tr>
<td>The social</td>
<td>The relationship between business and society</td>
<td>“contribute to a better society”</td>
</tr>
<tr>
<td>dimension</td>
<td></td>
<td>“integrate social concerns in their business operations”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“consider the full scope of their impact on communities”</td>
</tr>
<tr>
<td>The economic</td>
<td>Socio-economic or financial aspects, including describing CSR in terms of a business’s operation</td>
<td>Contribute to economic development</td>
</tr>
<tr>
<td>dimension</td>
<td></td>
<td>Preserving the profitability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interaction with stakeholders</td>
</tr>
<tr>
<td>The stakeholder</td>
<td>Stakeholder or stakeholder groups</td>
<td>How organizations interact with their employees, suppliers, customers, and</td>
</tr>
<tr>
<td>dimension</td>
<td></td>
<td>communities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Treating the stakeholders of the firm well</td>
</tr>
</tbody>
</table>
The voluntariness dimension | Actions not prescribed by law | “based on ethical values”
| “beyond legal obligations”
| “voluntary”

Table 3: The Five Dimensions of CSR
(Source: Dahlsrud, 2008)

3.4. Global CSR Initiatives

CSR is widely accepted at the international level and it is “now endorsed and actively promoted by key global institutions such as the World Bank, the OECD, the UN and the ICC (International Chamber of Commerce)” (Gjølberg, 2009, p. 10). This is in line with what Mathews (1997, p.50) argued that “international standards of conduct are gradually beginning to override claims of national or regional singularity. Currently, there are emerging global initiatives that encourage multinational corporations to comply with certain requirements to ensure that those corporations exert positive influence and contribution in communities where they operate.” The next sub-sections provide highlights of the popular international CSR initiatives including: (1) The UN Global Compact, (2) OECD Guidelines, (3) The Ruggie Framework, (4) ILO Declarations (Labor Rights), (5) ISO 26000, and (6) The CEO Water Mandate.

3.4.1. The UN Global Compact

Of the various international initiatives that relate to CSR, perhaps the most universal one is the UN-Global Compact. The UN-Global compact requests businesses to hold on international principles and cooperate with the United Nations towards sustainability with respect to human rights, labor standards, environmental protection, and combating corruption. The compact has emerged as a decisive platform for the United Nations to “engage effectively with global business”6. As clearly explained in the UN website, this global initiative asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. Table 4 lists the core values and the principles of the UN Global Compact (2000).

<table>
<thead>
<tr>
<th>Core values</th>
<th>Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights</td>
<td>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in</td>
</tr>
</tbody>
</table>

---

Table 4: Core Values and the Principles of UN Global Compact
(Source: The UN Global Compact, 2000)

<table>
<thead>
<tr>
<th>Labor</th>
<th>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.</td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</td>
</tr>
</tbody>
</table>

3.4.2. OECD Guidelines for Multinational Companies
The other relevant CSR-oriented initiative is from the OECD (2011). The OECD Guidelines for Multinational Enterprises are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today (OECD, 2011). The guidelines, which contain non-binding principles and standards for responsible business behavior, are the multinationally agreed and comprehensive code of responsible business conduct. Accordingly, the policy guidelines cover areas related to sustainable development, respecting human rights, local capacity building, human capital formation, refraining from seeking or accepting exemptions not stated in the law, good corporate governance, exercising self-regulatory practices, promote awareness of and compliance by workers, refrain from discriminatory or disciplinary action against whistle blowing workers, safety and health, seek to prevent or mitigate an adverse impact, encourage others to responsible business conduct, engaging stakeholders and abstaining from any improper involvement in local political activities (OECD, 2011).

3.4.3. The Ruggie Framework
In 2008, Ruggie introduced the ‘Protect, Respect, and Remedy’ framework for business and human rights; accordingly, what’s known as the Ruggie Framework is based on three main
principles. The first one is the state duty to protect (States have a duty to protect against human rights abuses by non-State actors, including by business, affecting persons within their territory or jurisdiction), the second is the corporate responsibility to respect human rights (what is required is due diligence- process whereby companies not only ensure compliance with national laws but also manage the risk of human rights harm with a view to avoiding it. The scope of human rights-related due diligence is determined by the context in which a company is operating, its activities, and the relationships associated with those activities), and the third one is access to remedy (access to judicial and non-judicial as well as company-based grievance mechanisms) (Ruggie, 2008).

Further, the Ruggie framework clearly outlined the positive impact that businesses can exert to human rights particularly from the labor rights point of view. Table 5 lists the business impact on labor rights as indicated in the framework.

<table>
<thead>
<tr>
<th>Freedom of association</th>
<th>Right to equal pay for equal work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right to organize and participate in collective bargaining</td>
<td>Right to equality at work</td>
</tr>
<tr>
<td>Right to non-discrimination</td>
<td>Right to just and favorable remuneration</td>
</tr>
<tr>
<td>Abolition of slavery and forced labor</td>
<td>Right to a safe work environment</td>
</tr>
<tr>
<td>Abolition of child labor</td>
<td>Right to rest and leisure</td>
</tr>
<tr>
<td>Right to work</td>
<td>Right to family life</td>
</tr>
</tbody>
</table>

**Table 5: Business Impact on Human Rights: Labor Rights**
(Source: Ruggie, 2008)

Pursuant to the 2008 UN Protect, Respect and Remedy framework (Ruggie Framework), the UN published the operationalization document of this framework in the “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework” (UN, 2011). Accordingly, the implementation guideline states that those guiding implementation principles7 are put in place in recognition of:

---

(a) States’ existing obligations to respect, protect and fulfill human rights and fundamental freedoms;
(b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; and
(c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.

Further, the operationalization document states that
“Nothing in these Guiding Principles should be read as creating new international law obligations, or as limiting or undermining any legal obligations a State may have undertaken or be subject to under international law with regard to human rights. These Guiding Principles should be implemented in a non-discriminatory manner, with particular attention to the rights and needs of, as well as the challenges faced by, individuals from groups or populations that may be at heightened risk of becoming vulnerable or marginalized, and with due regard to the different risks that may be faced by women and men” (UN 2011, p. 2).

3.4.4. ILO Declarations (Labor Rights)
The “ILO Declaration on Fundamental Principles and Rights at Work,” which was adopted in 1998, is “an expression of commitment by governments, employers’ and workers’ organizations to uphold basic human values - values that are vital to our social and economic lives.” The declaration requires member states to respect and promote those rights that have fallen into four categories. Table 6 portrays those four categories of the 1998 declaration on labor rights. The declaration stresses and made it clear that “these rights are universal, and that they apply to all people in all states - regardless of the level of economic development. Moreover, the declaration specifically refers to “groups with special needs, including the unemployed and migrant workers. It recognizes that economic growth alone is not enough to ensure equity, social progress and to eradicate poverty” (ILO, 1998).
Freedom of association and the effective recognition of the right to collective bargaining

Strong and independent workers’ and employers’ organizations, and the effective recognition of their right to engage in collective bargaining are major tools for labor market governance. Collective bargaining is a way of attaining beneficial and productive solutions to potentially conflictual relations between workers and employers. It can strengthen weak voices and reduce poverty and social disadvantage.

Elimination of all forms of forced or compulsory labor

A work relationship should be freely chosen and free from threats.

Effective abolition of child labor

The principle of the effective abolition of child labor means ensuring that every girl and boy has the opportunity to develop physically and mentally to her or his full potential. Its aim is to stop all work by children that jeopardizes their education and development. This does not mean stopping all work performed by children. International labor standards allow the distinction to be made between what constitutes acceptable and unacceptable forms of work for children at different ages and stages of development.

Elimination of discrimination in respect of employment and occupation

Eliminating discrimination starts with dismantling barriers and ensuring equality in access to training, education as well as the ability to own and use resources such as land and credit. It continues with fixing conditions for setting up and running enterprises of all types and sizes, and the policies and practices related to hiring, assignment of tasks, working conditions, pay, benefits, promotions, lay-offs and termination of employment. Merit and the ability to do a job, not irrelevant characteristics, should be the guide.

Table 6: The Four Categories of the Fundamental Principles and Rights at Work, ILO 1998’s Declaration (Source: ILO, 1998)

More specifically, the ILO convention has eight core or fundamental conventions and it is often referred to as the core labor standards (ILO, 2002). The specific ILO conventions are given in Table 7.
Table 7: The Eight Core or Fundamental ILO (Labor Rights) Conventions
(Source: ILO, 2002)

| Elimination of all Forms of Forced and Compulsory Labor | 2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98) |
| Effective Abolition of Child Labor | 3. Forced Labor Convention, 1930 (No. 29) |
| | 4. Abolition of Forced Labor Convention, 1957 (No. 105) |
| Elimination of Discrimination in Respect of Employment and Occupation | 5. Minimum Age Convention, 1973 (No. 138) |
| | 6. Worst Forms of Child Labor Convention, 1999 (No. 182) |
| | 7. Equal Remuneration Convention, 1951 (No. 100) |
| | 8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111) |

3.4.5. ISO 26000

According to Hazlett, McAdam, Sohal, Castka, and Balzarova (2007) “in 2004, the International Organization for Standardization (ISO) announced a launch of a new standard – ISO 26000 international standard on social responsibility” (p. 744). Eventually, the authors affirmed it turned out as “a shift from management systems standard to guidance standard which is a result of a long debate with all stakeholders involved in the development of ISO 26000” (p. 744).

As stated by ISO 26000, this scheme “provides guidance on how businesses and organizations can operate in a socially responsible way. This means, acting in an ethical and transparent way that contributes to the health and welfare of society” (ISO 26000, n.d.). As stated clearly in this ISO website, ISO 26000 is “an international standard which provides guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility.” Accordingly, it has identified the core subjects to social responsibility to be organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.
3.4.6. The CEO Water Mandate

The CEO Water Mandate is a unique public-private initiative launched by the UN Secretary-General in 2007, designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices (UN Global Compact, 2012). As stated in the website of the CEO Water Mandate, the mandate seeks to mobilize a critical mass of business leaders to advance corporate water stewardship in partnership with the United Nations, Civil Society organizations, governments and other stakeholders. It propagates businesses to think about water as water poses one of the greatest sustainability challenges of the 21st Century. It is underlined in the mandate that water scarcity and pollution threaten the ability to grow vibrant and stable economies, meet basic human needs, and protect healthy ecosystems (and the services they provide), while also posing severe human health problems. It is also underscored that businesses around the world face water-related risks due to water supply shortages, pollution, inadequate infrastructure, weak governance and a variety of related challenges (UN Global Compact, 2012).

Accordingly, the CEO Water Mandate has six core elements. These are indicated in Table 8 below.

<table>
<thead>
<tr>
<th>Elements of the mandate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Operations</td>
<td>Mandate endorsers measure and reduce their water use and wastewater discharge and develop strategies for eliminating their impacts on communities and ecosystems</td>
</tr>
<tr>
<td>Supply Chain and Watershed Management</td>
<td>Mandate endorsers seek avenues through which to encourage improved water management among their suppliers and public water managers alike</td>
</tr>
<tr>
<td>Collective Action</td>
<td>Mandate endorsers look to participate in collective efforts with civil society, intergovernmental organizations, affected communities and other businesses to advance water sustainability</td>
</tr>
<tr>
<td>Public Policy</td>
<td>Mandate endorsers seek ways to facilitate the development and implementation of sustainable, equitable, and coherent water policy and regulatory frameworks</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>Mandate endorsers seek ways to improve community water efficiency, protect watersheds and increase</td>
</tr>
</tbody>
</table>
access to water services as a way of promoting sustainable water management and reducing risks

| Transparency | Mandate endorsers are committed to transparency and disclosure in order to hold themselves accountable and meet the expectations of their stakeholders |

Table 8: The Core Elements of CEO Water Mandate
(Source: UN Global Compact, 2012)

3.5. Motivation for CSR: Overview of why businesses undertake CSR
Vogel (2006, p. 2) stated that there are “many reasons why some companies choose to behave more responsibly or virtuously in the absence of legal requirements. Some are strategic, others are defensive, and still others may be altruistic or public-spirited.” This indicates that even in countries where there is no a strong legal framework for CSR, companies can implement CSR for reasons other than government requirements. The point is that “CSR should make sense from the perspective of the overall competitive strategy of a firm (and the other way around), and should be treated as an integral part of it; not only because this furthers the long-term survival of a firm, but also because this way the moral claims of stakeholders have the best chance of becoming an accepted part of the firm’s decision-making structure and its organizational culture” (Van de Ven & Jeurissen, 2005, p. 300). Further, Graafland and Mazereeuw (2012) identified three motives for CSR, the first one is financial motive as an extrinsic driver and the second one is ethical (moral duty to observe) and the third is altruistic (concern over the well-being of others, it is helping others or want to contribute to the common good from a genuine concern of the well-being of others); the latter two are considered as intrinsic motives by the authors. Van de Ven and Jeurissen (2005) found that CSR needs to be treated as an integral part of companies’ strategy; and Porter and Kramer (2006) also proposed that CSR can be used as a source of great social progress. Moreover, Garriga and Mele (2004) suggested that CSR motives could relate to making profit, or to responsible use of corporate power in the political arena, to serve social demands or taking social responsibilities as ethical obligation. Thus, based on the theories here, the motivation for CSR could be intrinsic- such as based on ethical duties or extrinsic focusing on external drivers such as regulatory requirements or profit motive.
3.6. CSR Stages

In order to explain what level of CSR are companies in the maturity phases of CSR, and how they are behaving along the phases, one needs to consult the stages of CSR. According to Zadek (2004), there are five steps that organizations go through as levels to CSR maturity: the defensive stage, compliance stage, managerial stage, strategic stage, and civil stage. The defensive stage is characterized by a situation that companies be given unanticipated criticism and the companies are inclined to consider legal options or a PR strategy to handle the problem. Reaction often manifests in a form of rejecting the accusations or denying any link between the companies’ operations and the unwanted outcomes. In the compliance stage, companies show effort mainly to comply by designing policies that helps to please criticisms. The aim is usually to uphold company image and keep legal accusations away. At the managerial stage, companies admit to the reality that the problem lingers, and something real needs to be done; thus the companies assume responsibility along with commitment for a lasting solution. In the civil stage, that is the last stage, companies go beyond taking responsibility and start to promote a cause in order to prevail upon other companies in the industry to get involved in order to better serve the society responsibly together.

Similarly, as noted in Nijhof and Jeurissen (2010), the stages in CSR are well explained by the popular Dunphy Model, that is shown in the Figure 2 below and illustrates clearly the various maturity levels of organizations in CSR. Reading through the model, there are three waves containing six stages. The very first wave comprises of the earliest stages in CSR including, Rejection and Non-responsive, where CSR claims are considered illegitimate (opposing to it) and non-relevant for business (non-responsiveness) respectively. The second wave contains three stages; Compliance, Efficiency, and Strategic proactively; whereby companies strive just to meet minimum requirements (avoiding risk of failure), avoiding costs and increase productivity (cost logic) and a thrust to innovation to win stakeholder loyalty (competitive advantage) respectively.
The third wave is the highest in order, and is termed sustaining corporation, the focus is on the roles that a corporation can play in a society (transformation). Thus, those ideas related to stages of CSR indicate that firms might undergo several stages while they progress along the CSR maturity level.

### 3.7. CSR and Corporate Governance

For any program to be successful it must have the support of the top management. As such, the top management can play a significant role in creating a climate of socially responsible behaviors of the organization (Sharma, Agarwal, & Ketola, 2009). Moreover, board directors and shareholders might impact CSR through corporate governance (Financial Reporting Council, 2016). Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled (Sivakumar, 2009).

In other words, corporate governance is a set of systems and processes to ensure that a company is managed to safeguard the interest of all the stakeholders (Jamali, et al., 2008; Shahin & Zairi, 2007; Spitzeck, 2009) and corporate governance is there to balance between the economic and social returns by harmonizing between individual and common goals (Verma & Prakash, 2011). There is more about CSR and governance in the theoretical foundations (Chapter 4) described as one of the CSR sources for businesses.

### 3.8. Adoption of CSR (in developing) Countries and Challenges

According to Jamali and Neville (2011, p. 604), “empirical studies of firm adoption of CSR by MNCs demonstrate substantial variation and complexity given conflicting institutional messages regarding organizing templates, models for action and known sources of
legitimacy.” Besides, even though the idea of incorporating the typologies of MNCs in assessing how CSR is adopted by companies may seem like a sound idea (Bartlett & Ghoshal, 1989), CSR authors such as Harzing (2000, p. 102) assert that “up until now, however, very few studies in the international management literature have tried to derive and test comprehensive typologies of MNCs.” Harzing also shared that even what may probably be considered as “the most extensive typology of MNCs,” which is provided by Bartlett and Ghoshal (1989), “did not discuss the characteristics of the various types of MNCs in a systematic way” (p. 102). Nonetheless, there is a broader perspective based on the notion of global vs. local CSR that companies may consider in their attempt to adopt CSR, particularly in territories away from the host country; this notion is based on whether to centralize a company’s CSR engagement or decentralize it (Bustamante, 2011; Cruz & Boehe, 2010; Husted & Allen, 2006; Muller, 2006). In assessing how the multinational companies attempt to adopt CSR in the local context, this study will use this latter approach; and there is more about global vs. local CSR along with its advantages and disadvantages in Chapter Four, section 4.2.5.

In brief, CSR authors such as Jackson and Apostolakou (2010, p. 374) suggest that “largely instrumental motives may drive the adoption of CSR practices, in an effort to reduce reputational risk and improve financial performance. However, other motives may be more normative or moral in nature. Companies may develop CSR as a response to wider social and institutional pressures.” Similarly, Levis (2006) stated that there are several mechanisms that companies may rely on in the adoption of CSR. The author indicated that company values, maintaining a company’s reputation and isomorphism and peer/partner pressure are the factors that favor the adoption of CSR.

Yet there are challenges to CSR adoption, particularly in the developing world. Wanderley, Lucian, Farache, and de Sousa Filho (2008) indicated that various factors inhibit the adoption of CSR in developing countries. The authors outline some of the challenging factors: Civil societies are not well organized, governments do not strongly promote CSR practices, businesses do not face strong and constant pressure, and the press has yet to play the role of watchdog; and as a result, most developing countries face a range of obstacles to CSR. As Kemp (2001) put it, this is primarily due to the fact that there are several practical problems that hinder the successful adoption of CSR especially in many developing countries, where
“the institutions, standards and appeals systems, which give some life to CSR in North America and Europe, are relatively weak,” (p. 1). There is more in Chapter Four (section 4.2.4.), which outlines the barriers/challenges that affect the implementation/adoption of CSR, particularly in the context of the developing world.

3.9. A review of extant literature on CSR practices in developing countries

Making a contribution to bridging the gap in academic literature on developing countries’ CSR practices is an important objective of this research. In view of this, it is necessary to provide here a review of extant literature on CSR practices in developing countries.

CSR has witnessed an astonishing dominance and global resonance in recent years (Jamali & Neville, 2011). “[T]he notion of CSR, which now dominates thinking about corporate behavior among a section of academics and practitioners alike, is prevalent in the US, and lately, Europe has taken the lead in shaping global CSR debates” (Arora & Puranik, 2004, p. 93). It is noted that there is far more empirical research on CSR in developed than in developing countries, despite the fact that there is greater need for CSR in the developing countries since there are gaps in social provision and governance; in other words, there are generally fewer establishments providing social goods in developing countries than in the developed countries (Dobers & Halme, 2009). Similarly, Idemudia (2011, p. 1) argued that “the criticism that the mainstream corporate social responsibility (CSR) agenda was largely driven by the concerns and priorities of western countries and therefore tends to be insensitive to local priorities as well as inadvertently harm prospects for sustainable livelihood in developing countries set the tone for the emergence of a South - centered CSR agenda.”

However, recently “many leading MNCs have turned to the discourse and practice of ‘corporate social responsibility’ or ‘corporate citizenship’ as a strategy to maximize opportunities that come with operating in developing countries as well as to manage associated risks” (Muthuri, Moon, and Idemudia, 2012, p. 2). Further, these authors stated that companies that operate in developing countries are expected to play a vital role in addressing typical problems including high levels of poverty, illiteracy, homelessness, unemployment, disease, poor governance, and lack of infrastructure. In connection, Prieto-Carron, Lund-Thomsen, Chan, Muro, and Bhushan (2006, p. 977) explained that “CSR has broadened its scope to include not only aspects of corporate conduct that impinge on social, environmental and human rights issues, but also the role of business in relation to poverty
reduction in the developing world.” These points illustrate that while “general assessments of CSR focus on discrete aspects such as environmental management, working conditions, labour rights, business-community relations, and the so-called business case for CSR” (Utting, 2007, p. 698); assessments of CSR issues in the developing world need to encompass those issues that relate not only to these general focus areas identified here but also concerns that are typical of developing countries – poverty, diseases, unemployment, and other socio-economic problems. Nevertheless, while there has been important progress in the theoretical understanding of CSR; empirical studies on CSR, particularly from the developing world, have generally remained scant (Jamali & Mirshak, 2007). It is reiterated that research on CSR in developing countries is still relatively underdeveloped, as most of the research on CSR until now has focused on developed country companies, mostly from North America and Europe (Blowfield & Frynas, 2005; Frynas, 2006, Visser, 2008, Muthuri & Gilbert, 2011). However, Visser (2008) has provided a summary of the peculiar features of CSR in developing countries. According to the author (Visser, 2008, pp. 492-493), CSR in developing countries has the following distinctive characteristics:

- CSR tends to be less formalized or institutionalized in terms of the CSR benchmarks commonly used in developed countries, i.e. CSR codes, standards, management systems, and reports.
- Where formal CSR is practiced, this is usually by large, high profile national and multinational companies, especially those with recognized international brands or those aspiring to global status.
- Formal CSR codes, standards, and guidelines that are most applicable to developing countries tend to be issue specific (e.g. fair trade, supply chain, HIV/AIDS) or sector-led (e.g. agriculture, textiles, mining).
- In developing countries, CSR is most commonly associated with philanthropy or charity, i.e. through corporate social investment in education, health, sports development, the environment, and other community services.
- Making an economic contribution is often seen as the most important and effective way for business to make a social impact, i.e. through investment, job creation, taxes, and technology transfer.
• Business often finds itself engaged in the provision of social services that would be seen as government’s responsibility in developed countries, for example, investment in infrastructure, schools, hospitals, and housing.

• The issues being prioritized under the CSR banner are often different in developing countries, for example, tackling HIV/AIDS, improving working conditions, provision of basic services, supply chain integrity, and poverty alleviation.

• Many of the CSR issues in developing countries present themselves as dilemmas or trade-offs, for example, development versus environment, or job creation versus higher labor standards.

• The spirit and practice of CSR is often strongly resonant with traditional communitarian values and religious concepts in developing countries, for example, African humanism (ubuntu) in South Africa and harmonious society (xiaokang) in China.

Overall, reaffirming that research into CSR in developing countries is still underdeveloped, Visser (2008) concluded that “hence, there is an urgent need for further research on CSR in developing countries at the international, regional, national and sectoral levels” (p. 493). More so, as indicated in Chapter 1 of this study (see section 1.8), many other scholars have also reiterated the need for further research on CSR in developing countries (e.g. Frynas, 2006; Dobers & Halme, 2009; Jamali & Mirshak, 2007; Egri & Ralston, 2008; Gugler & Shi, 2009).

3.10. Review of CSR literature in Ethiopia

Literature on CSR in Ethiopia is very scant. There are extremely limited academic publications that exhibit the status of CSR in Ethiopia. The researcher’s rigorous attempt to trace CSR publications in Ethiopia through Google search engine and Google scholar (using the search terms CSR in Ethiopia, Corporate Social Responsibility in Ethiopia, Corporate Social Responsibility + Ethiopia, CSR + Ethiopia, CR + Ethiopia, and Corporate Citizenship + Ethiopia) turned out the same, extremely limited number of publications. The available publications on CSR in Ethiopia (or partly related to Ethiopia) include the following:

1. Corporate social responsibility in the coffee sector: The dynamics of MNC responses and code development (Kolk, 2005)
2. Corporate social responsibility: An attitude of Ethiopian corporates (Mouly Potluri & Temesgen, 2008)

3. Corporate social responsibility and different stages of economic development: Singapore, Turkey, and Ethiopia (Robertson, 2009)

The work of Kolk (2005), though it is not a direct CSR study about the status of CSR in Ethiopia or CSR practices in Ethiopia, contains a sentence that describes a onetime CSR initiative that one of the global actors (large roasting and instant manufacturing companies) in the global coffee supply chain – Starbucks – has undertaken as part of its global CSR response to compensate/support poor coffee farmers. The study reports that “The most recent initiative has been Starbucks UK’s announcement to contribute $179,000 to an Oxfam rural development project in a coffee-growing region in Ethiopia” (p 231). Next, the work of Mouly Potluti and Temesgen (2008), on the other hand, assessed the “attitude of the Ethiopian corporate sector towards corporate social responsibility (CSR)” by studying 50 corporations in the country, generally discovering that Ethiopian companies expressed a 100 percent positive attitude about implementing CSR. Finally, the work of Robertson (2009) is perhaps the single most comprehensive CSR study (relatively) in the context of Ethiopia. One of the questions that the study explored is “Is a universal model of CSR applicable across countries or is CSR specific to country context?” The author noted that the study examined CSR in three countries selected to represent a different level of economic development from high to low: Singapore, Turkey, and Ethiopia. And the researcher reported that “field research results illustrate variation across the institutional factors and suggest that CSR is responsive to country differences” (p. 617). The other question that the study explored was “the nature of CSR in different countries” (p. 618). Accordingly, explaining the CSR status in Ethiopia, the study found that “in Ethiopia, CSR (where it exists) is characterized by firms partnering with NGOs to deliver aid and education” (p. 629).

In brief, the above result shows that there is a huge lack of CSR research evidence from the part of the world where this research is situated, which indicates that there exists a regional gap in CSR literature. Therefore, this study will make a valuable contribution toward filling the gap in CSR literature from this part of the developing world.
3.11. CSR Constructs

This section presents the most common CSR constructs found in the literature and this will in turn help further the development of the theoretical foundations presented in the next chapter (Chapter 4). Accordingly, the various theories about CSR in the literature, and for the sake of “mapping the territories,” Garriga and Mele (2004) identified four categories of theories for CSR research. These are (1) instrumental theories, in which the corporation is seen as only an instrument for wealth creation, and its social activities are only a means to achieve economic results; (2) political theories, which concern themselves with the power of corporations in society and a responsible use of this power in the political arena; (3) integrative theories, in which the corporation is focused on the satisfaction of social demands; and (4) ethical theories, based on ethical responsibilities of corporations to society. Crane, Matten and Moon (2008) argued that even though the political role of corporations has yet to be fully appreciated, it is widely accepted that corporations have economic, legal and even social roles. In order to get a glimpse on the theoretical underpinnings of CSR, Table 9 presents a summary of ‘theoretical perspectives’ on CSR adopted from McWilliams, Siegel, & Wright (2006).

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Nature of theoretical perspective(s)</th>
<th>Key argument/result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friedman (1970)</td>
<td>Agency theory</td>
<td>CSR is indicative of self-serving behavior on the part of managers, and thus, reduces shareholder wealth</td>
</tr>
<tr>
<td>Freeman (1984)</td>
<td>Stakeholder theory</td>
<td>Managers should tailor their policies to satisfy numerous constituents, not just shareholders. These stakeholders include workers, customers, suppliers, and community organizations</td>
</tr>
<tr>
<td>Donaldson and Davis (1991)</td>
<td>Stewardship theory</td>
<td>There is a moral imperative for managers to ‘do the right thing’, without regard to how such decisions affect firm performance</td>
</tr>
<tr>
<td>Donaldson and Preston (1995)</td>
<td>Stakeholder theory</td>
<td>Stressed the moral and ethical dimensions of stakeholder theory, as well as the business case for engaging in CSR</td>
</tr>
<tr>
<td>Jones (1995)</td>
<td>Stakeholder theory</td>
<td>Firms involved in repeated transactions with stakeholders on the basis of trust and cooperation have an incentive to be honest and ethical, since such behavior is beneficial to the firm</td>
</tr>
<tr>
<td>Hart (1995)</td>
<td>Resource-based view of the firm</td>
<td>For certain companies,</td>
</tr>
</tbody>
</table>
environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Theoretical Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jennings and Zandbergen (1995)</td>
<td>Institutional theory</td>
</tr>
<tr>
<td>Wilmshurst and Frost (2000)</td>
<td>Legitimacy Theory</td>
</tr>
<tr>
<td>Baron (2001)</td>
<td>Theory of the firm</td>
</tr>
<tr>
<td>Feddersen and Gilligan (2001)</td>
<td>Theory of the firm</td>
</tr>
<tr>
<td>McWilliams and Siegel (2001)</td>
<td>Theory of the firm</td>
</tr>
<tr>
<td>McWilliams et al. (2002)</td>
<td>Resource-based view of the firm</td>
</tr>
<tr>
<td>Waldman et al. (2004)</td>
<td>Theory of the firm/Strategic Leadership</td>
</tr>
</tbody>
</table>

Institutions play an important role in shaping the consensus within a firm regarding the establishment of an ‘ecologically sustainable’ organization. Legitimacy theory implies, given a growth in community awareness and concern, that firms will take measures to ensure their activities and performance are acceptable to the community. The use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy. Activists and NGOs can play an important role in reducing information asymmetry with respect to CSR on the part of consumers. Presents a supply/demand perspective on CSR, which implies that the firm’s ideal level of CSR can be determined by cost-benefit analysis. CSR strategies, when supported by political strategies, can be used to create sustainable competitive advantage firm. Certain aspects of CEO leadership can affect the propensity of firms to engage in CSR. Companies run by intellectually stimulating CEO’s do more strategic CSR that comparable firms theory.

Despite this general direction, there is no a single, unifying theory of CSR, its meaning is contested and varies widely (Clarkson, 1995; Fenwick & Bierema, 2008). Nonetheless, most discussions and arguments pertaining to CSR originate from the trendy theories including stakeholder theory, legitimacy theory, and institutional theory (Campbell, 2006; Doh & Guay, 2006; Donaldson & Preston, 1995; Ortas, Gallego-Alvarez, & Álvarez Etxeberria, 2015; Windsor, 2012). The next sub-sections, therefore, highlight stakeholder theory, institutional theory and legitimacy theory as CSR constructs.
3.11.1. On stakeholder theory
Stakeholder theory has always been a core CSR theory, Crane, Matten, and Spence (2008), which helps understand the environment and the different constituents that managers should satisfy in order to effectively manage the organization (Alsos, Hytti, & Ljunggren, 2011). The stakeholder theory is relevant in addressing questions about how such parties are to be counted (Pesqueux & Damak-Ayadi, 2005) as there is a reciprocal relationship between a business and its stakeholders. According to Ihlen (2008, p. 3) “an organization’s success depends how it is able to manage its relationships with key groups, such as customers, employees, suppliers, communities, politicians, owners, and others, that can affect its ability to reach its goals.” Thus, stakeholder theory helps identify firms’ characteristics and study the kind of relationships they have with various stakeholders. In other words, the stakeholder theory will serve as a basis to study the interactions of the focal companies of this research with their stakeholders. This is based on the idea that CSR is a notion that companies are responsible not only to shareholders, but also to other stakeholders including workers, suppliers, environment/ environmentalists, and communities (Doh & Guay, 2006). The following section provides a better explanation about the link between stakeholder theory and CSR.

3.11.1.1. The connection between stakeholder theory and CSR
In exploring the connection between stakeholder theory and CSR, “the stakeholder theory of the firm can be used as a basis to analyze those groups to whom the firm should be responsible” (Moir, 2001, p. 8), and stakeholders are the fundamental element of CSR (Al-Shubiri, Al-abedallat, & Orabi, 2012). It is noted that increasingly, corporate boards of directors find themselves in a position to assess the impact of social issues on stakeholder value (Petersen & Vredenburg, 2009), that means at the very least, there is growing view that business is part of the larger society and, therefore, it has responsibilities other than simply maximizing profits (Oketch, 2004).

The implication of the above idea regarding stakeholders management is that businesses need to deal with those individuals, groups, or firms, or any entity that influence the business itself or are influenced by the decisions and operations of the businesses; be it economic stakeholders or social stakeholders (Jeurissen, 2007). According to Freeman’s “stakeholder model of a corporation,” stakeholders include managers, owners, suppliers, employees, local community, and customers; and that businesses shall be managed in consideration of the
interests of these stakeholders (Freeman, 2001) and embracing stakeholders is one of the quality of responsible companies. In view of this, Lambooy (2011a) put forth that responsible companies not only involve stakeholders in decisions, but also motivate them to be part of designing and executing business plans. These ideas indicate the importance of stakeholders in business decision-making in general, and execution of CSR activities in particular.

In essence, stakeholder theory has useful aspects for CSR studies in order to explain companies’ behavior and their relationship with stakeholders. In connection, Donaldson and Preston (1995) identified three aspects of stakeholder theory: descriptive, instrumental, and normative. Accordingly, the authors put forth that the descriptive/empirical aspect is used to describe, and sometimes to explain, specific corporate characteristics and behaviors such as the nature of the organization, how they are managed, and what managers think about managing the organization. The instrumental theory along with the available descriptive data is used to identify the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives (e.g., profitability, growth), and the third aspect, which is normative theory is used to interpret the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations. The authors argued that “the ultimate justification for the stakeholder theory is rooted in its normative base” (Donaldson & Preston, 1995, pp. 67-91).

Graaffland and van de Ven (2006) also made a related distinction in their study of why firms have to employ CSR. They presented strategic and moral motives as bases for firms to interact, relate to and manage their stakeholders. The strategic (extrinsic) motive is similar to the instrumental theory, and has a financial motive such as higher profit in the long run, whereas, the moral (intrinsic) motive, which corresponds to the normative theory, considers CSR as a moral obligation of firms towards society, and as a result the later one has a stronger momentum for CSR. It is also stressed that CSR can only be successful “if it is understood and practiced as an exchange and cooperation between a company and its stakeholders” (Fifka, 2012, p. 5); that means CSR and the notion of a stakeholder approach are pivotal concepts when examining the role of business in society (Kakabadse, Rozuel, & Lee-Davies, 2005). This indicates that the stakeholder approach is crucial in the field of CSR, and organizations which do not include their primary stakeholders’ concerns within their strategy challenge their long-term survival (Clarkson, 1995). Consequently, businesses can be responsive to their stakeholders by assuming stakeholder responsibility that entails taking
responsibility to those who are affected by the actions of the businesses. Boje, Maynard-Patrick, and Elias (2012, p. 52) explained the stakeholders’ needs as: “the overall stakeholders needs are the same: for the corporation to treat those that those it interacts with respectfully and to strive for solutions that benefit all parties involved, whether it be employees, customers, suppliers and their employees, or the individuals in the communities it serves.” The next section highlights the categorization of stakeholders that businesses may apply to sort out their stakeholders.

3.11.1.2. Categorization of stakeholders

In order to serve the needs of its stakeholders, a business needs to decide which stakeholders are important; in this regard a more elaborate model to sort stakeholders is provided by Mitchell, Agle, and Wood (1997). According to their model, stakeholders can be sorted out based on power (financial, physical, or informational), legitimacy (interaction with the corporation), and urgency (single manifestation). Windsor (2012, p. 395) defines a stakeholder as one that “makes some contribution to or derives some net benefit or cost from an organization” and identified three key stakeholders—employees, customers, and investors; and two additional stakeholders, namely influencer (e.g. government) and impactee (e.g. negative externality victim). This five stakeholder model, which the author reiterates to be the most suitable model for useful analysis of CSR decisions, is shown below.

Thus, the concepts from the stakeholder theory discussed above could be used to “operationalize CSR principles” Bonacchi, Perego, and Ravagli (2012, p. 168). In view of this, Maon, Lindgreen, and Swaen (2010, p. 8) provided a definition of CSR with a

![Figure 3: Basic Model for Five Stakeholders Affecting Management Choice](Source: Windsor, 2012)
stakeholder orientation: “CSR is a stakeholder oriented construct which concerns the voluntary commitments of an organization pertaining to issues extending inside and beyond the boundaries of that organization’s understanding and acknowledgement of its moral responsibilities regarding the impacts of its activities and process on society,” and they also argued that the perspectives of a business’s stakeholders can bring about positive change on the values, attitudes and culture of a business, and lead to developing CSR policies and initiatives.

Generally, aspects of stakeholder theory will be useful to identify stakeholders of the companies under the study, to describe the corporate characteristics of the companies, and more importantly to explain to what extent the firms in the brewery sector in Ethiopia are applying either the instrumental or the normative attitudes or both towards the relationships they have with their respective stakeholders.

3.11.2. On legitimacy theory

Legitimacy theory is another CSR construct that is widely used in CSR studies (Ortas, et al., 2015). It is noted that since CSR has impact on corporate reputation, identity and image, implementing and managing CSR practices is important to companies (Abdullah & Aziz, 2013). That is CSR can be used as a tool to gain legitimacy, which means businesses’ marketing activities that incorporate social dimensions contribute to achieving legitimacy (Handelman & Arnold, 1999); and legitimacy is defined as “… a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574).

In other words, in order to achieve legitimacy, organizations need to make sure that their activities are acceptable to the society. This idea describes the legitimacy theory that focuses on seeking and achieving acceptance. According to Wilmshurst and Frost (2000, p. 11), legitimacy theory implies “given a growth in community awareness and concern, that firms will take measures to ensure their activities and performance are acceptable to the community.” The following section elaborates the interface between legitimacy theory and CSR.
3.11.2.1. The connection between legitimacy theory and CSR

Legitimacy theory suggests that acceptance is achieved when organizations operate within the sphere of the requirements of the communities they belong to (Brown & Deegan, 1998; Gifford, et al., 2010; Zheng, et al., 2015). That marks the need to do one’s business activities that meet societal requirements in order for a firm’s action to be legitimized. Brown and Deegan stated:

“Legitimacy theory posits that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. These bounds and norms are not fixed, but change across time, thereby requiring the organization to be responsive. In a sense, there is a ‘social contract’ between the organization and those affected by the organization’s operations. The organization is expected to comply with the terms of this ‘contract’, and these expressed or implied terms are not static” (Brown & Deegan, 1998, p. 22).

Similarly, Shocker and Sethi (1973, p. 97) argued that “in a dynamic society, neither the sources of institutional power nor the needs for its services are permanent. Therefore, an institution must constantly meet the twin tests of legitimacy and relevance by demonstrating that society requires its services and that the groups benefiting from its rewards have society's approval.”

The notion is that because a business relies on societal resources that can be put into alternative uses, society evaluates the usefulness and legitimacy of the organization’s activities (Parsons, 1956, noted in Tsang, 1998, p. 631) and hence the need to practice such activities with the sole purpose of enhancing its legitimacy. This shows that companies have an observable stake in the society. Therefore, it might be self-destructive for the organizations in the long run if they ignore societal problems. It, therefore, is important that organizations are committed to fulfilling their legal responsibilities and ethical or moral obligations at the level of society (Papasolomou-Doukakis, Krambia-Kapardis, & Katsioloudes, 2005). With respect to gaining legitimacy, and hence reputation, “the strategic CSR argument is that corporate reputation will lead managers to support some CSR activities improving social welfare and calculated to improve long-term profitability” (Windsor, 2012, p. 387).
3.11.3. On institutional theory
An institutional system is defined as a set of cultural elements and symbols to which organizations comply with if they are to receive support and legitimacy (Kim, Ha, & Fong, 2014). As such, Zucker (1987, p. 443) stated that “institutional theories provide a rich, complex view of organizations. In these theories, organizations are influenced by normative pressures sometimes arising from external sources such as the state, other times arising from within the organization itself. Adopting these legitimated elements, leading to isomorphism with the institutional environment increases the probability of survival.” In other words, the institutional theory helps explore CSR by investigating what types of institutions affect the corporations under the study. Institutional theory states that institutions influence behavior by applying institutional pressure on the basis of normative expectations, and organizations that best fulfill such demands are likely to perform the best (Campbell, 2006; Doh & Guay, 2006; Gössling, 2003). The upcoming paragraph attempts to describe the connection between institutional theory and CSR.

Institutional theory helps explore the determinants of CSR and there are institutional conditions under which firms are likely to act in socially responsible ways; the likelihood that firms will act in socially responsible ways is institutionally conditioned (Campbell, 2006). The writer identified six propositions in which corporations are more likely to act in socially responsible ways: (1) well-enforced state regulations, (2) organized and effective industrial self-regulations, (3) private, independent organizations including NGOs, social movement organizations, institutional investors, and the media, which do mobilize and monitor, (4) normative calls that are institutionalized in the environment they operate, (5) associations including trade or employee associations that support socially responsible behavior, and (6) institutional dialogue with unions, employees, community groups, investors and other stakeholders. Overall, as Doh and Guay put it, “institutional theory is concerned with how organizations seek legitimacy within a given environment and attempt to become isomorphic with these environments” (2006, p. 49).
3.12. Chapter Summary
This chapter presented a literature review on important CSR areas that range from defining the term CSR to that of introducing the pillars of CSR construct. More specifically, the literature review highlighted the meaning of CSR in the light of the research questions, including the span or dimensions of CSR, contemporary global CSR initiatives, the motivation to CSR, the stage theory of CSR, the relationship between CSR and governance, the adoption of CSR (in developing) countries and challenges, a review of extant literature on CSR practices in developing countries, a review of CSR literature in Ethiopia, and the most common CSR constructs found in the literature, including stakeholder theory, institutional theory and legitimacy theory. These are used as the bases for the development of the theoretical foundations presented in the next chapter. Thus far, as much more study about CSR is conducted in the developed part of the world than its counterpart – the developing world, it is hoped that the output of this study will be a contribution to the knowledge enhancement in the academic world; this is particularly true given the fact that there is a lack of a broad body of knowledge about CSR from this part of the world.
CHAPTER 4: THEORETICAL FOUNDATIONS

4.1. Overview

This chapter presents the theoretical foundations that this study will draw on; and this task has been the key to facilitate data capturing as well as analysis phases of the study that envisages examining the CSR practices of the study subjects. Accordingly, the theoretical foundations are developed based on the research questions and the review of the literature. In other words, the theoretical foundations would serve as a protocol in the research procedure of the empirical case studies of this research. In doing so, the main thrust is to answer the research questions of the study:

*What are the factors enabling and/or preventing CSR practices and principles from being adopted by companies operating in an LDC context? With a focus on studying (1) What CSR practices are they undertaking, (2) Why are they doing it, (3) What are the benefits and barriers of implementing CSR in the local context? and (4) How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?*

The answers for these research questions are mainly provided through the analysis of the findings of the individual empirical case studies (single case studies) and through the comparative analysis of the findings across the cases (methodological details are outlined in Chapter 5). A thorough analysis of the individual case studies is outlined in Appendix 7 and the comparative analysis is presented in Chapter 7. There is a detailed description in the overview section of Appendix 7 that explains at length how these research questions are answered. In addition, the conclusions and discussion part (Chapter 8) contains the summary of the research findings in line with the research questions of the study. Moreover, the next chapter – Chapter 5, which is the methodology and methods chapter – contains a specific section that elaborates how the analysis is carried out (see Chapter 5, section 5.5). Overall, developing the interview instruments, conducting the field work to capture the interview responses, and the analysis of the study results depended on the theoretical foundations of the study. The rest of the chapter reports the particulars of theoretical foundations, and it begins with highlighting what a theory (theoretical foundation/framework) is as a starting point.

According to Yin (2003b) in case studies research such as this one, the theoretical foundations are developed at the outset of the investigation in order to have “a sufficient blueprint for the study that provides guidance in determining what data to collect and the
strategies for analyzing the data” (p. 29). In view of this, as noted in Anfara Jr and Mertz (2014, p. 13), Flinders and Mills (1993) assert that a theory is “any general set of ideas that guide action; theory is pragmatically bound up with activities of planning a study, gaining entry into the field, recording observations, conducting interviews, sifting through documents and writing up research”.

In connection, Anfara Jr & Mertz (2014) shared that even though the “term does not have a clear and consistent definition” the authors noted that “any framework or theory allows the researcher to see and understand certain aspects of the phenomenon being studied while concealing other aspects” (p. 15-16). As such, in this chapter the theoretical foundations highlight theories that are in line with the research questions of the study. These include explaining the types of CSR practices that businesses do, why businesses engage in CSR, the benefits and barriers of implementing CSR, and highlighting the notion of global versus local CSR paradigm, which helps assess the implementation of the CSR strategies and ambitions of the multinational companies in the local context. The next sections outline the theoretical foundations of the study and there is a summary table in the end, which can be used as a reading map of the theoretical foundations of the research.

4.2. The Theoretical Bases
Based on the literature review in Chapter 3 and in line with the research questions of the study, this section begins with reintroducing the concept of CSR with the aim of developing an operational definition. This is followed by a description of the common types of CSR practices that businesses perform, which is in line with the first research question – What are the CSR practices that the companies undertake? Then the drivers of CSR that inform why businesses undertake CSR are presented in accordance with the second research question of the study, which is why do the businesses engage in CSR practices? Next, there is a description about the benefits and barriers of implementing CSR, which is in line with the third research question – What are the benefits and barriers of implementing CSR in the local context? Finally, the discussion on the theoretical foundations winds up by outlining the notion of global vs. local CSR, which is in line with the fourth research question of the study – How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?
4.2.1. Operational definition of CSR

There are diverse CSR definitions in the literature. Nonetheless, central to these various definitions, there are two basic converging dimensions. The first one relates to how the firm undertakes or conducts its business operations (good corporate citizenship), and the second one deals with the firm’s responsiveness to its stakeholder groups such as employees, local communities, and the environment (Ho, 2013). Similarly, CSR could be viewed as “dealing with and bringing together two inter-related issues: firstly, legal compliance, and secondly, the company’s responsibility for going beyond such compliance, with the legal rules forming the floor and the voluntary part of CSR being a striving beyond that – a race to the top” (Själfjell, 2011, p. 1). Moreover, Davis (1973, p. 321) considers CSR as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social and environmental benefits alongside the conventional economic gains which the firm seeks.” Furthermore, according to MVO Nederland, CSR is that “companies take responsibility for the impact of their business activities on people and the environment. Through CSR, companies try to tackle social and environmental challenges and find new opportunities for products, services or processes” (MVO Nederland). These definitions indicate that businesses have responsibilities that range from economic consideration to social as well as environmental and ethical obligations. In a more elaborated way, Epstein and Buhovac (2014) reported Epstein and Roy’s (2003) nine principles that explain broad definitions of corporate social responsibility or sustainability. The principles are depicted in Table 10.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ethics</td>
</tr>
<tr>
<td>2</td>
<td>Governance</td>
</tr>
</tbody>
</table>

---

8 MVO Nederland inspires, connects and strengthens companies and sectors to take far-reaching steps in the field of CSR. “Changing together” is MVO’s motto. (see http://www.mvonederland.nl/english)

9 “The label of sustainability is even sometimes used synonymously with CSR, making clear-cut distinctions between the different areas of responsibility rather difficult to make.” See Crane, Matten, & Spence, 2008, p 307.
managers to focus on the interests of all company stakeholders

3. Transparency
The company provides timely disclosure of information about its products, services, and activities, thus permitting stakeholders to make informed decisions

4. Business Relationships
The company engages in fair-trading practices with suppliers, distributors, and partners

5. Financial Return
The company compensates providers of capital with a competitive return on investment and the protection of company assets

6. Community involvement/eco
   nomic development
The company fosters a mutually beneficial relationship between the corporation and community in which it is sensitive to the culture, context, and needs of the community

7. Value of products and services
The company respects the needs, desires, and rights of its customers and strives to provide the highest levels of product and service values

8. Employee Practices
The company engages in human-resource management practices that promote personal and professional employee development, diversity, and empowerment

9. Protection of the Environment
The company strives to protect and restore the environment and promote sustainable development with products, processes, services, and other activities

Table 10: Epstein and Roy’s Broad Definitions of Corporate Social Responsibility
(Source: Epstein & Buhovac, 2014)
In addition, Bondy, Moon, and Matten (2012, p. 1) assert that “CSR is predicated upon the idea that business does have a sole financial purpose, but a set of three core imperatives – economic, social, and environmental guide decisions and activity, and are equally valid and necessary within business.” Accordingly, on the basis of the above ideas and the meanings of CSR explained in the previous chapters, especially in the literature review chapter, this paper considers CSR as a set of an organization’s economic, social, environmental and ethical responsibilities to its employees, suppliers (sourcing), customers (markets), communities, and the environment in the territories it does its business. It is also worth to mention here that even though some definitions and explanations given in this thesis about CSR fail to emphasize legal requirements as part of CSR; in this study meeting legal requirements is
considered as a part of CSR. This is in line with what Carroll (1979, p. 500) asserted, namely that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” In connection with this, Vogel (2006) suggests that laws (government regulations) could have a greater influence and effectiveness in CSR than other options such as business self-regulation and pressures from NGOs and markets. McBarnet (2007) also added that laws could provide a level ground and “would apply to and be enforceable against all business, not just those companies which voluntarily choose or are pressed by brand vulnerability to adopt it. It would be fairer, making a level playing field for business, it would have legitimacy, based on and providing due process of law, and most importantly it would be more effective” (p. 27). Besides, other advocates of CSR (see Lambooy, 2010; OECD, 2011) further reiterate that it is essential that MNCs comply with (local) laws in the territories that they operate.

4.2.2. CSR practices: Corporate social responsibilities of an enterprise to major stakeholders

CSR consists of ‘a number of activities that focus on the welfare of stakeholder groups such as communities, employees, suppliers, customers, and future generations (Sprinkle & Maines, 2010). Smith (2003) also noted “CSR refers to the obligations of the firm to society or, more specifically, the firm’s stakeholders – those affected by corporate policies and practices” (p. 2). Similarly, according to Ismail (2009), CSR represents the responsibility of businesses to integrate the interests of stakeholders including shareholders, employees, customers, suppliers, communities, and the environment. In the words of Branco and Rodrigues (2006) “CSR is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, and relations with suppliers and consumers” (p. 11). Thus, in investigating what CSR practices the case companies perform in the study setting; this research would attempt to study the case companies’ CSR commitments from the perspective of what CSR practices they are performing to their stakeholders. Even though a business may have a number of stakeholders, for the purpose of this study, shareholders, employees, local community, customers, suppliers and the environment are identified as main stakeholders (Carroll, 1991; Freeman, 2001; Werther & Chandler, 2010). This is also in line with the notion that “firms have differing responsibilities to their shareholders, employees, customers, and suppliers, which constitute the firm’s primary stakeholders” (Erden & Bodur, 2010, p. 342).
4.2.2.1. CSR to shareholders

"Shareholders are commonly considered as the owners of a corporation,” (Glac, 2010, p. 5). They can influence important organizational decisions (Lambooy, 2010). Thus, it is evident that part of a business’s CSR engagement may have to account for the interests of its shareholders from a CSR perspective. Accordingly, central to shareholders’ responsibility is a company’s commitment to engage in transparent communication with the stakeholders, which involves providing honest information, making information available and the disclosure of the information needs to be timely and the company has to take shareholders proposals seriously (Business Roundtable, 2012). That is there are two major responsibilities identified here. The first one is related to information disclosure and transparency of communication, and the second one is seriousness in considering shareholders proposals.

As such, speaking of information disclosure and transparency, Epstein and Roy (2003) suggested that a business has to provide timely disclosure of information about its products, services, and activities, thus permitting shareholders and other stakeholders to make informed decisions (cited in Epstein & Buhovac, 2014). Moreover, with respect to shareholders proposal it is noted that there are shareholders who insist on socially responsible practices and demand their company to shun unwanted practices, and for which businesses have the duty to address such requests of shareholders (Ribstein, 2005). Nonetheless, Crane, Matten, and Spence (2008, p.11) assert that there is still a disagreement on the issue of how much emphasis should be given to shareholders and other stakeholders in CSR. In view of this perspective, the authors noted that it is rather the expanding of responsibility to consumers, employees, suppliers, and local communities, which characterizes much of the essential nature of CSR. Doing so is also believed to benefit a company’s shareholders. In line with this point, it is argued by Godfrey, Merrill, and Hansen that even a business’s mere CSR engagement with secondary stakeholders such the local community benefits its shareholders as this could be “a potential method of creating value for shareholders in the face of certain types of negative events. In short, good deeds appear to earn chits. The results indicate that managers of firms who engage in CSR activity can create value at times for their shareholders through the creation of insurance-like protection” (Godfrey, Merrill, & Hansen, 2009, p. 442). Nonetheless, for Hong and Xiaoli (2010, p. 562), “as for shareholders, the basic responsibility of an enterprise is to respect their rights regulated by law and provide them with the true information of operations and investment, such as financial reports and company annual meeting and so on.” This study will mainly focus on examining the
commitment of the case companies to their shareholders in terms of transparency, timely disclosure and information availability.

4.2.2.2. CSR to employees

Within the domain of the internal CSR; i.e. the CSR responsibility of a business to its internal people, there are individuals, or groups or parties involved as internal stakeholders that include the employees and shareholders of the organizations (Argandoña & von Weltzien Hoivik, 2009; Werther & Chandler, 2010), and employees are becoming increasingly important to businesses as internal stakeholders (Corley, Cochran, & Comstock, 2001). That is part of a company’s CSR commitments involves treating workers of an organization reasonably (Business Impact, 2000). A business has a corporate social responsibility to its employees that aims at providing employee support and better labor practices (Kinder, 1998), and socially responsible businesses take better care of the needs and interests of their employees and they seek to improve the employees’ working conditions and well-being on an ongoing basis (Bucuniene & Kazlauskaite, 2012). Likewise, Frolova and Lapina (2014, p. 179) explain that “integrating CSR in organizational policy and activities allows increasing well-being of the employees and improving the quality of the processes which they perform. It maintains employee loyalty to organization and provides sustainability in long-term.”

In view of this, according to Ruggie, there are a number of responsibilities of a business to its employees such as freedom of association, right to equal pay for equal work, right to organize and participate in collective bargaining, right to non-discrimination, abolition of slavery and forced labor, abolition of child labor, right to work, right to equality at work, right to just and favorable remuneration, right to a safe work environment, right to rest and leisure, and right to family life (Ruggie, 2008). Similarly, the ILO declaration contains related particulars such as freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, and elimination of discrimination in respect of employment and occupation (ILO, 1998). Most of these principles are shared by the UN Global Compact, which maintains in its principles that a businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation (Global Compact, 2000).
Other authors have also shared what they considered to be a business’s CSR commitment to its employees; such as considering employee volunteering and education (Tsang et al., 2009); concern for safety, job security, profit sharing, union relations, employee involvement (Sen & Bhattacharya, 2001); treating employees fairly and equitably, appropriate compensation and benefits, openness to employees, respect to employees grievances, without intimidation and retribution (Business Roundtable, 2012); implementing employees’ complaint mechanisms that is free from repercussion (Kolk, 2008); encouraging openness, inclusiveness and empowerment (Molnar & Mulvihill, 2003); providing employees with education and training opportunities, attractive pay, employees participation in decision-making, and safe working conditions (Porter & Kramer, 2006); training, safety and health, equal opportunity, and participation (Graafland et al., 2004); providing attractive career opportunities, nurture required talent, expand access to medications/benefits (Heslin & Ochoa, 2008); supporting and encouraging employees to volunteer their time to support local community organizations and causes (Kotler & Lee, 2005); providing employees with healthy, safe and hygienic conditions of work at the workplace and no discrimination should be exercised on any ground in providing employment opportunities (Jain & Jain, 2013); competitive wages, health insurance coverage, employee development programs, and positive union relations (Bauman & Skitka, 2012); employment issues and conditions that go beyond legal requirements, especially the fair treatment of employees and other workers irrespective of gender, race, religious orientation, age and disability (Ellerup Nielsen & Thomsen, 2009). Similarly, Crane, Matten, & Spence (2008) put forth that CSR in the workplace is a main issue for businesses everywhere, which involves responsibilities such as providing good working conditions, impartiality and equal opportunity, healthy and safe working environment, proper pay, and right to association even without the presence of useful legal enforcements.

Moreover, according to McWilliams and Siegel (2001) employees are considered as important stakeholders, who demand better labor relations policies, safety conditions, financial security, and other conditions such as child care services. More so, employees’ engagement in CSR is vital in order to achieve the CSR goals of a company and it is necessary to make sure that the company has the support of its employees to its CSR initiatives and their commitment needs to be secured. Collier and Esteban indicated that employees have a critical responsibility for implementing the CSR initiatives of the company and attaining the intended outcomes of a company’s CSR depends on the participation and
willingness of employees (Collier & Esteban, 2007), and there is a compelling reason for companies to engage their employees in CSR “ranging from simple decency to competitive advantages in recruiting and retention to more effective human resource management” (Mirvis, 2012, p. 94). Employees are increasingly considered as driver for CSR (Moon, 2007), and in terms of addressing the needs of employees as stakeholders, employees centered CSR has “positive effects on employee motivation, retention, and recruitment, and effects in this area can result from an improved reputation. On the other hand, CSR can also directly influence employees as they might be more motivated working in a better working environment or draw motivation from the participation in CSR activities such as volunteering programs. Similarly, CSR activities can directly or indirectly affect the attractiveness of a company for potential employees,” (Weber, 2008, p. 249). In general, according to Joireman, Smith, Liu, and Arthurs (2015), “implementing progressive workplace practices” (p. 32) is one of the most common forms of CSR.

4.2.2.3. CSR to local community
Communities represent another focal point in CSR (Mathews, 1997; Moir, 2001; Wilmshurst & Frost, 2000). Businesses are expected to be thoughtful neighbor to communities (Business Impact, 2000), and it is anticipated that businesses may discharge their corporate social responsibilities towards their respective communities for the sake of betterment of local community and society by the involvement of the company in community issues (Rao, 2004). Accordingly, CSR authors have suggested various CSR community centered activities that businesses may put in practice such as community services, charitable giving, and infrastructure for the local community (Tsang, et al., 2009); community support such as support of arts and health programs, educational and housing initiatives for the economically disadvantaged as well as generous/innovative giving (Sen & Bhattacharya, 2001), and dialogue with community groups (Campbell, 2006); engaging in dialogues with communities to “obtain and maintain the license to operate” (Goodman, Susanne Johansen, & Ellerup Nielsen, 2011, p. 210), and these all are done with the aim to contribute to a better society by integrating social aspects and concerns in their operations and assessing their impact on communities (Dahlsrud, 2008). Further, it is noted that a business could become a good citizen to communities locally, nationally, and internationally and may make charitable contributions, encourage managers and employees to establish relationships with communities to perform meaningful activities for betterment of communities such as to
promote awareness of health, safety and international issues that relate to the specific types of business in which the business is engaged (Besser, 2002; Business Roundtable, 2012). Through such commitments, it is assumed that a business could respond to the demands and needs of communities and establish a mutually beneficial relationship with its respective communities.

In other words, CSR to communities involve a business’s socially responsible business practices that support social causes to improve community well-being (Kinder, 1998; Kotler & Lee, 2005). Further, it is maintained that community responsibilities come in many shapes and forms including philanthropic donations to deserving causes including community groups, educational initiatives, sporting associations, youth groups, health programs, and the art; and implementing community initiatives in countries and cultures relatively new to CSR (Crane, Matten, & Spence, 2008). More so, from the perspective of “corporate social marketing,” Kotler and Lee (2005) indicated that a business may develop and implement a behavior change campaign with the goal to improve public health, safety, the environment, or community well-being.

4.2.2.4. CSR to customers

With regards to CSR to customers, even though “building a CSR commitment with customers can be a long-term process” (Shaw, 2016, p. 195), it is indicated that “companies are assumed to adopt socially responsible behavior in order to improve their reputation, satisfy their customers” (Ertuna & Ertuna, 2010, p.328). Accordingly, “one of the ways of ensuring CSR to customers is ensuring the quality of products and/or services a company produces” (Bokhodir & Iroda, 2010, p. 368), similarly, Hong & Xiaoli assert “as for customers, enterprises should offer safe and reliable products and respect customers’ right to know and to choose (2010, p. 562); and Graafland, et al. (2004) also shared that CSR to customers encompass activities such as safety and quality of product, respect for customers, and supply of sustainable alternatives. Additionally, Heslin & Ochoa (2008) maintained that as part of their CSR duties to customers, businesses may have to do activities that enable customers to improve education, reduce the environmental cost of product use, and educate and engage customers. Further, in connection to CSR to customers, businesses may need to consider factors such as consumer information availability, truthful advertising, and advertising to children (Lambooy, 2010; Porter & Kramer, 2006).
4.2.2.5. CSR to suppliers/farmers
In terms of CSR to suppliers, Pedersen & Jeppesen (2015) wrote “the management of CSR in the supply chain is far from being a simple task realizing the fact that the supply chain partners often operate in different economic, political, and social setting and are outside the control of the company” (p. 150). However, businesses still do “build relationships with suppliers that they are eager to have” (Freeman, et al., 2004, p. 366). Besides, OECD guidelines (OECD, 2011) and Ruggie guiding principles (Ruggie, 2008) also advocate that businesses may have to consider supply chain responsibility seriously.

Accordingly, in the local context the single, most important suppliers to the breweries are small-scale local farmers who grow barley, which is a key input in the production of beer. Thus, with respect to CSR to suppliers, this paper will assess the CSR commitments that the case companies have towards the small-scale barley farmers, with whom the case companies have business relationships. In line with this as part of their CSR responsibility, businesses are expected to source inputs from close (local) source (Sprinkle & Maines, 2010), work with local suppliers(farmers), source inputs from minority-owned suppliers (such as small-scale farmers), offer fair prices, and establish lasting relationships (Spiller, 2000); increase access to inputs, share technology, and provide financing (Porter & Kramer, 2011); implement contract farming, which encompasses providing the small-scale farmers with inputs and production services, access to credit, introducing new technology, skill transfer, early prices (guaranteed and fixed), and access to reliable market (Eaton & Shepherd, 2001). They may also support the suppliers (farmers) to enhance their productivity and welfare, they may also take part in activities that make transportation and packaging tasks efficient and cost effective for the off-farm activities of the small-scale farmers (Heslin & Ochoa, 2008). After all, working with small-scale farmers may mean to the business “to build community goodwill, contributing to a company’s license to operate. Buying locally from smallholders may be part of a company’s socially responsible strategy and becomes an advertising slogan in the highly competitive environment in which it operates” (Vorley, Lundy, & MacGregor, 2009, p. 193).

4.2.2.6. CSR to the environment
Protecting the environment is one of the socially responsible practices of modern businesses (Kotler & Lee, 2005), and responsible businesses have a duty to support and implement pro-environmental initiatives (Joireman, et al., 2015). It is anticipated that businesses may have to work towards a cleaner environment’ by engaging in environmental protection activities and
seriously considering the impact of their operation on the environment (Dahlsrud, 2008). In view of this, several authors suggested a list of environmentally responsible practices/CSR to the environment such as: pollution prevention, waste minimization, energy conservation and recycling (Crane, Matten, & Spence, 2008); conserving energy, reducing emissions, reducing packaging materials, and recycling (Sprinkle & Maines, 2010); pollution reduction, noise reduction, energy reduction, water reduction, waste management, alternative energy, and packaging recovery (Russo & Tencati, 2009); and environment-friendly products, hazardous-waste management, pollution control, recycling (Sen & Bhattacharya, 2001). On top of that, in line with the effort to protect and nurture the ecological environment, there are even global CSR initiatives that call upon businesses to “support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies” (Global Compact, 2000), and it is maintained that integrating environmental dimension in the management system of a business improves its environmental performance (Huang & Watson, 2015).

4.2.2.7. A taxonomy of key business practices for CSR

Even though the descriptions above demonstrated a range of CSR practices for the consideration of businesses for their various stakeholders, it is Spiller (2000), who has offered a more detailed, comprehensive list of key business practices for CSR. Spiller’s taxonomy of key business practices for CSR is given in Table 11.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Key Business practices for CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>1.1. Generous financial donations</td>
</tr>
<tr>
<td></td>
<td>1.2. Innovative giving</td>
</tr>
<tr>
<td></td>
<td>1.3. Support for education and job training programs</td>
</tr>
<tr>
<td></td>
<td>1.4. Direct involvement in community projects and affairs</td>
</tr>
<tr>
<td></td>
<td>1.5. Community volunteer programs</td>
</tr>
<tr>
<td></td>
<td>1.6. Support for the local community</td>
</tr>
<tr>
<td></td>
<td>1.7. Campaigning for environmental and social change</td>
</tr>
<tr>
<td></td>
<td>1.8. An employee-led approach to philanthropy</td>
</tr>
<tr>
<td></td>
<td>1.9. Efficient and effective community activity</td>
</tr>
<tr>
<td></td>
<td>1.10. Disclosure of environmental and social performance</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>2.1. Environmental policies, organization and management</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>---------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>2.2. Materials policy of reduction, reuse and recycling</td>
</tr>
<tr>
<td></td>
<td>2.3. Monitoring, minimizing and taking responsibility for releases to the environment</td>
</tr>
<tr>
<td></td>
<td>2.4. Waste management</td>
</tr>
<tr>
<td></td>
<td>2.5. Energy conservation</td>
</tr>
<tr>
<td></td>
<td>2.6. Effective emergency response</td>
</tr>
<tr>
<td></td>
<td>2.7. Public dialogue and disclosure</td>
</tr>
<tr>
<td></td>
<td>2.8. Product stewardship</td>
</tr>
<tr>
<td></td>
<td>2.9. Environmental requirements for suppliers</td>
</tr>
<tr>
<td></td>
<td>2.10. Environmental audits</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>3.1. Fair remuneration</td>
</tr>
<tr>
<td></td>
<td>3.2. Effective communication</td>
</tr>
<tr>
<td></td>
<td>3.3. Learning and development opportunities</td>
</tr>
<tr>
<td></td>
<td>3.4. Fulfilling work</td>
</tr>
<tr>
<td></td>
<td>3.5. A healthy and safe work environment</td>
</tr>
<tr>
<td></td>
<td>3.6. Equal employment opportunities</td>
</tr>
<tr>
<td></td>
<td>3.7. Job security</td>
</tr>
<tr>
<td></td>
<td>3.8. Competent leadership</td>
</tr>
<tr>
<td></td>
<td>3.9. Community spirit</td>
</tr>
<tr>
<td></td>
<td>3.10. Social mission integration</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>4.1. Industry-leading quality program</td>
</tr>
<tr>
<td></td>
<td>4.2. Value for money</td>
</tr>
<tr>
<td></td>
<td>4.3. Truthful promotion</td>
</tr>
<tr>
<td></td>
<td>4.4. Full product disclosure</td>
</tr>
<tr>
<td></td>
<td>4.5. Leadership in research and development</td>
</tr>
<tr>
<td></td>
<td>4.6. Minimal packaging</td>
</tr>
<tr>
<td></td>
<td>4.7. Rapid and respectful responses to customer comments, complaints and concerns</td>
</tr>
<tr>
<td></td>
<td>4.8. Customer dialogue</td>
</tr>
<tr>
<td></td>
<td>4.9. Safe products</td>
</tr>
<tr>
<td></td>
<td>4.10. Environmentally and socially responsible production and product composition</td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>5.1. Develop and maintain long-term purchasing relationships</td>
</tr>
<tr>
<td></td>
<td>5.2. Clear expectations</td>
</tr>
<tr>
<td></td>
<td>5.3. Pay fair prices and bills according to terms</td>
</tr>
</tbody>
</table>
agreed upon

5.4. Fair and competent handling of conflicts and disputes
5.5. Reliable anticipated purchasing requirements
5.6. Encouragement to provide innovative suggestions
5.7. Assist suppliers to improve their environmental and social performance
5.8. Utilize local suppliers
5.9. Sourcing from minority-owned suppliers
5.10. Inclusion of an environmental and social element in the selection of suppliers

Shareholders

6.1. Good rate of long-term return to shareholders
6.2. Disseminate comprehensive and clear information
6.3. Encourage staff ownership of shares
6.4. Develop and build relationships with shareholders
6.5. Clear dividend policy and payment of appropriate dividends
6.6. Corporate governance issues are well managed
6.7. Access to company’s directors and senior managers
6.8. Annual report and accounts provide a comprehensive picture of the company’s overall performance
6.9. Clear long-term business strategy
6.10. Open communication with the financial community

**Table 11: Key Business Practices for CSR**
(Source: Spiller, 2000)

Moreover, due to the immensity of the types of CSR activities that is suggested in the literature and theoretical foundations, this study would refer to CSR practices (shown in Table 12) to guide the interview in capturing the interview data and conducting the analysis in line with the first research question of the study, which is what are the CSR practices that the breweries do in the local context? The table below summarizes the types of CSR practices that this study would rely on as a lens in data gathering and analysis as per the stakeholder groups that this study identified to explore, and all the suggested CSR practices are extracted from the descriptions above.
### Shareholders (owners)

- Transparent communication, honest information, information availability, timely disclosure, seriously considering shareholder proposals

### Employees

- Participation of employees in CSR; fair and equitable treatment of employees; openness to employees; respect to employees’ suggestions and grievances; attractive compensation and benefits packages; attractive career opportunities and nurturing talent, support the employees’ association; and conduciveness of the working conditions/safety and health

### Local Community

- Commitments to contribute to improve the quality of life for local communities; promoting awareness of health, safety and international issues related to a business’s respective industry; and engaging in dialogues with community groups

### Customers

- Programs to increase consumer information availability; commitment to truthful advertising and advertising to children; educating customers to reduce the environmental cost of using a business’s product

### Farmers

- Enhance farmers’ productivity and welfare; optimizing transportation with the farmers; reduce packaging costs for the farmers and across the supply chain

### Environment

- Environment protection activities; conserving water resource; and converting waste to other use

---

**Table 12: Summary of CSR Practices to Various Stakeholders**

(Source: Based on the Theoretical Foundations of this Thesis)

In brief, in terms of investigating what CSR practices the cases companies perform in the study setting, as explained in detail in the next chapter (Chapter 5) that outlines the research methodology and methods, this research would attempt to study the case companies’ CSR commitments to their stakeholders based on interview responses from the company managers of the respective companies. This was also triangulated with interview data gathered from employees, farmers (interviews were conducted with farmers with whom the respective case companies have business relationships), and NGOs, academics, and government offices.
4.2.3. CSR sources

This section presents the CSR sources (drivers) that this study will rely on in studying why the case companies engage in CSR, in light of the second research question of the study – why do the companies engage in CSR? CSR literature does not provide complete and clear sources of CSR in terms of why businesses embark on CSR. However, according to D’Amato, Henderson, and Florence the most common broadly used approach to explain sources of CSR is “either economic self-interest (i.e., a solid business case) or ethical grounding (i.e., the moral importance of sustainable development). Oftentimes, of course, both of these apply” (2009, p.5). Though it is acceptable, such general categorization of the CSR sources lacks specificity in deeply exploring why a particular business engages in CSR. Fortunately, there are other authors who identified CSR sources (drivers) in a better detail. For example, Bantekas (2004) identified four types of CSR sources: (1) public international instruments (2) NGO guidelines,(3) individual business codes of conduct(corporate codes), and (4) domestic laws/legislations relating to CSR; and similarly Rahim (2013) identified CSR sources including public regulation, self-regulation and co-regulation.

More specifically, the following assertion from Hollender provides a useful theoretical base in identifying key sources of CSR in investigating why the companies engage in CSR:

“I am continually asked what key issues a company must address to become a socially responsible. I think it all starts with values. First, you have to develop and build consensus and understanding around a clear set of values and operating principles. This does not mean a list that is mounted on a plaque and hung on the wall – it must live in the hearts and minds of every employee. Second, commitment from the top of the company is key, because if the head of the company is not committed to being open and honest how can you expect anyone else to be. Once you are clear on your values, you then move into a more formal process of determining what structure, benchmarks, and measurements are needed to evaluate your progress toward achieving a set of goals based on your values. There are a whole variety of structures” (Hollender, 2004, p. 115).

The description above clearly indicates that values are the fundamental source of CSR. The author suggested that company values are the primary source for socially responsible behavior. The other source of CSR suggested is getting top management’s commitments to CSR and developing the systems and structures (governance-internal governance
mechanisms) needed to implement CSR. These sources of CSR are phrased in the theoretical foundations as CSR and Company Values, and CSR and Governance respectively.

However, it is not only values and governance that can serve as CSR sources. Other authors have suggested that there is also a business case for CSR (such as traditional economic benefits including profit, and competitive advantage), which is also considered as the “cause” of CSR (Carroll & Shabana, 2010; Kurucz, et al., 2008). This source of CSR is phrased as CSR and marketing (the business case for CSR) in the theoretical foundations. More so, CSR writers have also identified further sources of CSR such as public expectations and pressures from NGOs (civic society campaigners), trade unions, media, and CSR may also be performed in response to CSR tools such as CSR guidelines/ initiatives and award schemes (Gjølberg, 2011; Ribstein, 2005; Ward, 2004); the law such as domestic regulations (Bantekas, 2004; Lambooy, 2014), and stakeholders, both internal and external (Freeman, et al., 2006; Serafeim, 2013). The latter sources of CSR are phrased as CSR and public pressures and expectations, CSR and the law, and CSR and stakeholders in the theoretical foundations.

Thus, this theoretical foundation considers the following as CSR sources (drivers): company values, governance, marketing (the business case for CSR), public pressures & expectations conditions (such as pressures from NGOs), the law (domestic regulations), and stakeholders(major internal and external stakeholders). These identified sources are considered as the sources (drivers) of CSR here in the theoretical foundations and are thought to be useful to intensively examine why the case companies engage in CSR practices from these perspectives. In other words, these identified CSR sources (drivers) will serve as the lens to examine why the companies under investigation perform CSR practices. The details of the identified CSR sources follow.

4.2.3.1. CSR and marketing - The business case

Heslin and Ochoa (2008) noted “a growing multitude of organizations are finding innovative and prosperous ways to grow their business while simultaneously helping people in need and sustaining our fragile planet” (p. 142). The idea of growing one’s business (profit) while at the same time helping society and the environment relates to the idea of the business case for CSR. In other words, Carroll and Shabana stated that the business case for CSR refers to “the underlying arguments or rationales supporting or documenting why the business community should accept and advance the CSR “cause.” It is concerned with the primary question: What do the business community and organizations get out of CSR?” (2010, p. 85). This indicates
that there are reasons explaining the benefits of why to embark on CSR. The authors added “even with early CSR initiatives, there was always the built-in premise that, by engaging in CSR activities, businesses would be enhancing the societal environment in which they existed and that such efforts would be in their long-term enlightened self-interest” (p. 91).

In the same way, Kurucz, Colbert, and Wheeler stated that the ‘business case for CSR is a pitch that a company can “do well by doing good”; i.e., it can perform better financially by attending not only to its core business operations, but also to its responsibilities toward creating a better society” (2008, p.84). Subsequently, they identified four types of the business case for CSR as shown in Table 13.

<table>
<thead>
<tr>
<th>Key Value Proposition</th>
<th>Cost and risk Reduction</th>
<th>Competitive advantage</th>
<th>Reputation and Legitimacy</th>
<th>Synergistic value creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading: Engaging in CSR to reduce costs and risks to the firm</td>
<td>Adapting: A strategic approach to CSR to build relative competitive advantage</td>
<td>Aligning: Exploiting CSR activities to build value through gains in firm reputation and legitimacy</td>
<td>Relating: Integrating stakeholder interests to create value on multiple fronts</td>
<td></td>
</tr>
</tbody>
</table>

Table 13: Four Types of Business Case Value Creation
(Source: Kurucz et al., 2008)

The ideas contained in the table indicate that taking up CSR commitments has multiple benefits; one is a “trading” goal which focuses on reducing the company’s costs and risks related to liabilities, penalties and legal action, and this enables companies to gain shareholders’ confidence to invest. The other benefit relates to “adapting,” which deals with a strategic orientation to achieve competitive advantage in the company’s fields of business. The next one is “aligning” that entails building company reputation and image to legitimize business. The last benefit is “integrating,” which focuses on creating value through stakeholders’ management (Kurucz, et al., 2008).

Further, Zadek (2000), also explained the various reasons that companies engage in CSR from the perspectives of the business case for CSR. The author marked that CSR can be used to (1) defend reputation and avoid potential financial loss, (2) achieve cost benefits, (3) for strategic business reasons, and (4) to help manage risks and promote innovation in learning in a dynamic and complex environment; the author termed the last reason “The New Economy case.” Therefore, companies that practice CSR find ways to earn both financial and social benefits and their business which is typified by socially responsible behavior stays much more stable (Jain & Jain, 2013).
In essence, modern businesses have shifted their CSR goals from the narrow notion of consumer-based marketing to broader corporate-level marketing (Podnar & Golob, 2007). This entails modern companies integrate socially responsible behavior in their business model; and in a sense CSR serves as a platform to promote ethical behavior by managers, with a positive impact on firm reputation (Iwu-Egwuonwu & Chibuike, 2010). In other words, clarifying the rise for the business case of CSR, Vogel (2006, pp. 10-11) asserted:

“CSR has attracted corporate adherents by taking a more expansive view of businesses’ potential contribution to society; companies can play a more constructive role in addressing a wide range of social and environmental problems and take considerable pride in their CSR initiatives and participate in global initiatives, and yet the most important driver of corporate interest in CSR is the argument that good corporate citizenship is also good business”

Moreover, Corporate Watch (2006, p. 5), a UK-based independent research group that investigates the social and environmental impacts of corporations and corporate power, “companies engage in CSR because, for a number of reasons, they think it will be good for their profit margins. The business case for CSR emphasizes the benefits to reputation, staff and consumer loyalty plus maintaining public goodwill.” Accordingly, the group specifies that companies engage in CSR for a number of reasons that relate to reputation management, risk management, employees’ satisfaction, investor relations, competitiveness and market positioning, operational efficiency, and the license to operate. Thus, this entails that CSR contributes positively to the society and at the same time benefits the business itself. And according to Maignan and Ferrell (2004), this can be realized when businesses commit to implement CSR successfully by engaging in various CSR schemes in both social and environmental dimensions by managing for various stakeholder groups.

Generally, CSR can be considered as a powerful source of innovation and competitive advantage. Businesses that have CSR commitments and are investing in socially responsible practices realize that CSR can be much more than a cost, a constraint or a charitable deed; it can be an enabler for competitive advantage (Beardsell, 2008; Porter & Kramer, 2006). Evidently, Beltratti (2005, p. 385) noted that “socially responsible firms are often also the most respected and the profitable firms,” and in “today’s competitive environment, CSR represents a high profile notion that has strategic importance” (Luo & Bhattacharya, 2006, p.
1) Thus, modern businesses may need to maintain business relationships that are mutually profitable and socially responsible with the stakeholders (Grigore, 2011).

**4.2.3.2. CSR and governance**

In terms of CSR and governance, Aras and Crowther put forth that there is a clear link between governance and corporate social responsibility, that is concerned with both the rights of shareholders and, increasingly, the rights of other stakeholders (2012, pp. 1-8). Accordingly, present day corporate governance is characterized by managing for stakeholder society shifting from the traditional corporate governance framework that yields managing for shareholders (Tirole, 2001). Moreover, Ayuso, Rodriguez, Garcia, and Ariño (2007) uphold that unlike the “shareholding model” of corporate governance, contemporary “stakeholding approach” to corporate governance views “the corporation as a locus of responsibility related to wider external stakeholders’ interests rather than merely to shareholders’ wealth. Employees, creditors, suppliers, customers and the local community are major stakeholders often mentioned and emphasized within a broad definition of stakeholders” (2007, p. 1).

In addition, Sjåfjell and Anker-Sørensen (2013), and Lambooy (2010) stated that the implementation of CSR must encompass serious efforts to integrate issues of social responsibility into the business of the company. In connection to this idea, Spitzeck added “corporations will not act responsibly as long as corporate responsibility issues are not integrated in their decision-making and governance structures” (2009, p. 495). Correspondingly, Denis and McConnell (2003) defined corporate governance as the set of mechanisms to make decisions that maximize the value of a business and it involves internal mechanisms such as policies, codes, and structures. Moreover, Lambooy stated “mostly, in order to implement CSR, a company will start by defining CSR standards. It will draft a company code of conduct or adopt an accepted code of conduct to make clear to all involved what standards and norms this company has committed itself to” (Lambooy, 2010, pp. 36-37).

More specifically, Page’s definition of corporate governance provides a clearer understanding on the meaning of corporate governance and its contribution to the management of stakeholders in socially responsible way; the definition reads: “Corporate governance consists of the legal, contractual, and implicit frameworks that define the exercise of power within a company, that influence decision-making, that allow the stakeholders to assume their
responsibilities, and that ensure that their rights and privileges are respected (2005, p. 2, emphasis is taken as originally given).

Wherefore, the guiding idea in the discussion of corporate social responsibility and corporate governance lies on the fact that CSR must be built into the management structure and processes of the organization so that, as far as possible, all social responsibility issues are foreseen, covered by corporate policy in line with an understanding of the issues involved and a willingness to help solve societal problems; that makes corporate governance a critical element for driving excellence in CSR (Shahin & Zairi, 2007).

In other words, there is “a positive relation between corporate governance and corporate social responsibility. Companies that have good corporate governance are more respected and valuable because good corporate governance protects the stakeholders which contribute to the life of the firm. Corporate governance and social responsibility are strong complements” Beltratti (2005, p. 385). Thus, “under the umbrella of corporate governance, companies are encouraged to promote ethics, fairness, transparency, and accountability in all their dealings” and “corporate governance is a necessary pillar for a genuine and sustainable CSR orientation; it molds CSR” Jamali, Safieddine, and Rabbath (2008, pp. 444, 457). In other words, the authors are suggesting that corporate governance is source of CSR that drives companies to tailor their strategies or goals in relation to CSR. In connection, Kolk (2008) described that in addition to internal mechanisms, corporate governance is also focused on reporting, in which a business discloses accounts of its economic, social and environmental performance; and doing this is seen as fulfilling a role in how businesses account for their CSR engagements; and Whetten, Rands, and Godfrey (2002) asserted that disclosure and transparency are frequently expressed through the issuance of reports. By reporting their CSR issues, Halme and Huse (1997), stated that businesses could manage to improve their visibility and enhance the awareness of internal and external CSR audience.

Overall, “corporate governance is the process by which corporations are made responsive to the rights and wishes of stakeholders” (Demb & Neubauer, 1992, p. 9), and in this study corporate governance will be taken as “the system by which companies are directed or controlled or as techniques or systems that can secure the interests and values of the management” (Huse, 2007, pp. 15-17). Accordingly, in this study when we explore why a company performs CSR from governance perspective, we are referring to, not the values of the company, but it is about whether there is a “technique” or “system” to accommodate the
“interests and values” (CSR values) of the company. There is a separate part (see the next section, Section 4.2.3.3.), which is concerned with what a value (CSR value) itself is. Further, in this thesis, when we explore why the companies engage in CSR from governance point of view, the focus is on the internal mechanisms such as policies, codes of conduct, and related systems and structures that that would serve as the source of CSR. There is a separate section, CSR and the law, which identifies the external regulatory mechanisms as the source of CSR.

4.2.3.3. CSR and company values

CSR does not mean sporadic philanthropic actions or an intensive public relations activity, but a business philosophy that is accepted by companies voluntarily and is steadily visible in company behavior (Vuta, et al., 2007). That is, integrating ethical values in management decisions is appropriate; and for this reason management can harness socially responsible behavior by developing systems, processes, policies, plans, practices, and programs so that it is deeply embedded into the organization’s CSR engagements (Murthy, 2007). Moreover, it is noted that “CSR is engagement to improve the well-being of society, comply with ethical, moral and environmental norms, and foster relationships with stakeholders” (Virvilaite & Daubaraite, 2011, p. 535).

In other words, it is to say in CSR the primary reason for a business to be socially responsible ought to be it is a business’s ethical obligation to be socially responsible and what a business does in terms of CSR needs to be the result of the values of the owners and the managers on the relationship they have with their respective stakeholders; CSR is the set of a business’s moral duties to its stakeholders (Argandoña & von Weltzien Hoivik, 2009). Thus, CSR-related values must become deeply integrated into the management philosophy and organizational culture of businesses (Maon, et al., 2010).

So then, the ideas expressed above embodies the view that even though CSR involves meeting regulatory requirements or the law, the endeared ethical and moral values of businesses have a significant contribution to CSR commitments as laws may not address all corners of socially responsible behavior. This point is also sustained by Vives, who claimed:

“Laws simply cannot address every aspect and possible scenario necessary for individual or company behavior, as there is always an underlying assumption regarding a certain level of ethical and moral behavior. Moreover, creating overly complex and difficult regulatory structures actually inhibits companies from operating at optimal levels and impedes their ability to identify the most
effective measures and methods for compliance. Such an approach is even less realistic in the case of developing countries, which tend to have limitations in terms of enforcement” (2008, p. 221).

For the most part, the perspective is that company centered values are crucial because such ethical values provide a greater bastion for corporate behavior than laws and regulations, and ethical perspectives are regarded as important accompaniment to the law especially where the law does not exist or law enforcements are weak (Crook, 2005). Hess (cited in Vives, 2008, p. 210) commented that "many areas of corporate behavior are simply beyond the ability of the law to control, and we must rely on managers' ethical decision-making to achieve societal objectives.” Consequently, businesses today have CSR programs that reflect social imperatives, which clearly articulate and communicate policies and practices that mirror their respective business responsibility to the society, and yet the precise manifestation and direction of socially responsible business behavior rests on the discretion of the corporation. This indicates that values that companies uphold determine the commitment to socially responsible behavior; that implies that in CSR, the motives of managers shape the way corporations are governed (Matten & Moon, 2008). Similarly, Thomsen (2004), asserts that a company’s corporate values explain its corporate behavior.

In brief, corporate values are regarded as the essential elements of CSR and businesses should firmly embrace both societal and ethical obligations to build a better society by assuming responsibilities that go beyond limited legal and economic obligations because, according to Sun, Stewart, and Pollard the “economic and legal obligations are a very narrow and incomplete version of CSR” (2011, p. 6).

4.2.3.4. CSR and public pressures & expectations
Markets can stimulate responsible behavior, keeping in mind that the effectiveness of the market will depend on the existence of many conditions such as the extent to which markets are perfect. Even in perfect markets, responsible behavior is guaranteed only if buyers and sellers were also concerned for the welfare of others and acted accordingly. Especially in the developing world where markets are mostly imperfect, there is a need to design regulations in order to ensure a level of responsible, but at a level that preserves the freedom of the firm to contribute to the efficient production of goods and services that society demands; and yet one has to rely on the markets to fill the gaps left by regulation (Vives, 2008). That means in such situations business approaches to CSR may depend on conditions due to local influences on
CSR in different contexts (Frynas, 2006). In other words, besides a business’s capacity for understanding and undertaking CSR, there are various CSR enabling environments that influence a business’s engagement in CSR. Some of these include pressures from NGOs (civic society campaigners), trade unions, media, and CSR may also be performed in response to CSR tools such as CSR guidelines/initiatives and award schemes (Gjølberg, 2011; Ward, 2004). Similarly, Ribstein (2005) put forth that public pressures and expectations influence corporations to consider socially responsible behavior, and the author indicated that such pressures as actions by NGOs, which may include demands for more CSR upon businesses could be taken as an alternative to market and government regulation.

Further, in addition to pressures from the NGOs, trade unions, and the media, there are global CSR initiatives that call upon businesses to uphold socially responsible behaviors. Some of these include The UN Global Compact, OECD Guidelines, The Ruggie Framework, ILO Declarations (Labor Rights), ISO 26000, and The CEO Water Mandate. The details of these initiatives were outlined in the literature review chapter (see Chapter 3, section 3.4). So, in this thesis when we explore why the case companies engage in CSR from the perspective of public pressure & expectations as a source of CSR, we are referring to whether there are pressures in the local context for (more) CSR from NGOs, trade unions, and the media, as well as what global CSR initiatives/guidelines (such as Global Compact, ILO declarations) do the case companies observe and are used as a CSR source. Overall, public pressure and expectations for CSR are said to motivate firms to engage in CSR (Huang & Watson, 2015).

4.2.3.5. CSR and the Law

CSR is a body of knowledge that relates to different areas of the law such as international laws, corporate laws and corporate governance, and labor and environmental laws, which contribute notably to the development of CSR (Lambooy, 2014). The author also suggested “in view of the global challenges, international law is particularly indispensable,” (p.1). In like manner, Bantekas (2004) identified four types of CSR sources: (1) public international instruments (2) NGO guidelines, (3) individual business codes of conduct (corporate codes), and (4) domestic laws/legislations relating to CSR. Accordingly, the writer’s viewpoint is that these laws span over “a range of human rights obligations, labor rights and labor relations including child labor, environmental protection, consumer protection, prevention of monopolies, tax evasion, anti-corruption, and promotion of technology transfers to least
developed countries (LDCs),” (p. 327). Table 14 summarizes Bantekas’s four types of CSR sources.

<table>
<thead>
<tr>
<th>CSR Sources</th>
<th>Description</th>
<th>Examples/Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public International CSR Instruments</td>
<td>These contain influential follow-up mechanisms, supplemented by strict disclosure requirements to which a significant number of companies have so far adhered.</td>
<td>UN Global Compact, OECD Guidelines</td>
</tr>
<tr>
<td>NGO Guidelines on CSR</td>
<td>They can be broken down into three categories: (1) those that simply provide a set of CSR guidelines (most often entailing reporting standards), (2) those that act as CSR indicator self-assessment mechanisms (self-performance standards), and (3) those that are a combination of the two.</td>
<td>GRI</td>
</tr>
<tr>
<td>Corporate Codes of Conduct</td>
<td>These are policy statements that outline the ethical standards of conduct to which a corporation adheres.</td>
<td>The most common entries concern environmental and labor relations, followed by consumer protection and anti-corruption</td>
</tr>
<tr>
<td>Regulation of CSR through Domestic Legislation</td>
<td>This represents a new phase of regulation, albeit still limited.</td>
<td>Until recently not all corporate actions are subject to rigid regulation</td>
</tr>
</tbody>
</table>

Table 14: Types of CSR Sources  
(Source: Bantekas, 2004)

In a related manner, Rahim (2013) suggests that regulatory systems in the corporate regulatory landscape could take three forms including public regulation, self-regulation and co-regulation. Explaining the self-regulatory systems, the author considers corporate code of conduct as prominent and specifies that codes of conduct address corporate ethics, moral guidelines and key CSR issues like human rights, labor, the environment and sustainable development. The writer highlighted “the codes are the main self-regulatory instruments for companies; they address corporate conduct with respect to their external social, environmental, human rights and economic factors” (p. 29). Moreover, Business Roundtable (2012) indicated that in addition to acting within the law, businesses have an “important
perspective to contribute to the public policy dialogue and should be actively involved in discussions about the development, enactment and revision of the laws and regulations that affect their businesses and the communities in which they operate and their employees reside” (p. 32.)

Further, Brown demonstrates “the law creates a perverse set of incentives that encourage corporations to do the legal minimum rather than aspire to do more for their stakeholders. Society would benefit if the law allowed (but did not require) corporations to take the interests of their stakeholders into account, and adopt codes of conduct with aspirational standards - standards higher than ones prescribed normally under existing statutes, regulations, or the common law, without fear of liabilities” (2008, pp. 371-373). Nonetheless, Vogel argued that laws are important as laws (government regulations) could have a greater influence and effectiveness in CSR than other options such as business self-regulation and pressures from NGOs and market pressures (Vogel, 2006). Moreover, McBarnet stated the following regarding the importance of introducing direct CSR laws/regulations:

“It would apply to and be enforceable against all business, not just those companies which voluntarily choose or are pressed by brand vulnerability to adopt it. It would be fairer, making a level playing field for business, it would have legitimacy, based on and providing due process of law, most importantly it would be more effective” (McBarnet, 2007, p. 27).

In summary, the above descriptions consider that sources of CSR may include hard laws such as domestic laws and semi-legal and soft laws such as public international instruments, NGO guidelines, and individual business codes of conduct (corporate codes). However, in this thesis while exploring why the case companies undertake CSR from the perspective of the law (national laws and regulations), the focus is on whether there is a domestic law/regulation that requires the businesses to engage in CSR, which is a possible source of CSR. The other aspects such as public international instruments and NGO guidelines are included under the CSR and public pressures & expectations perspective; whereas the individual business codes of conduct, CSR policies, and processes are treated as internal governance mechanisms, which are embodied under the perspective of CSR and governance.

4.2.3.6. CSR and stakeholders

Vos put it “CSR is defined as the obligations or duties of an organization to a specific system of stakeholders” (2003, p. 142). That means businesses may engage in CSR in response to the
interests of their stakeholders. Werther and Chandler (2010) provided an expansive discussion about stakeholders. They described a stakeholder as a group or individual with an interest in the activities of the firm; and they divide stakeholders into three separate groups: organizational stakeholders (internal) and economic and social stakeholders (external). The typical stakeholders under each group are outlined below, see Table 15.

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Typical stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational stakeholders</td>
<td>Employees, managers, stockholders, unions</td>
</tr>
<tr>
<td>Economic stakeholders</td>
<td>Suppliers, customers, distributors, creditors, competitors</td>
</tr>
<tr>
<td>Societal stakeholders</td>
<td>Government/regulators, communities, nonprofits and NGOs, environment</td>
</tr>
</tbody>
</table>

Table 15: Stakeholders and Stakeholder Groups
(Source: Werther and Chandler, 2010)

Moreover, Venanzi and Fidanza (2006) defined stakeholders as “those groups or individuals, who are empowered to affect success or failure of the firm or that have stake in the firm’s decisions and include shareholders, customers, suppliers, employees and local community” (p. 5). The modern-day CSR agenda realizes that businesses are part of society, and they have the potential to make a constructive contribution to societal goals and expectations. Consequently, central to CSR commitments there tends to be a process of managing the costs and benefits of business activity to internal stakeholders (such as workers and shareholders) and external stakeholders (such as suppliers, local community, customers) (Ward, 2004). Hence, the point here is that corporations have a role to contribute positively to society by accounting for different stakeholders’ interests (Serafeim, 2013).

Notably, Freeman, Velamuri, and Moriarty (2006) stated that company stakeholder responsibility requires that companies be committed to a stakeholder approach to management on four levels. The first one is “basic value proposition” and it focuses on questions such as how the company can make its stakeholders better off. This requires managers to understand how the firm can make the customers, employees, suppliers, communities, and financiers better off. This level specifies what the company does stand for. Meanwhile, level two, which is “sustained stakeholder cooperation” spells out the principles or values which the companies (managers) base their everyday engagement with
stakeholders. Next, an “understanding of broader societal issues,” which is the third level, highlights that pro-active attitude is necessary towards all stakeholder groups, both primary, i.e., those that have direct business dealings with the company, and secondary, such as NGOs and political activists, who can affect the operations of the company. Further, this third level anticipates that today’s managers must recognize and respond to a rising number of international issues, without the moral compass of the nation, state or religion as a guide. In other words, managers may need to take positions on issues that apparently are not purely business-related. Finally, the fourth level is “Ethical leadership” and it focuses on a deep understanding of the interests, priorities, and concerns of the stakeholders (p. 6).

Furthermore, Corbett argued “whether there is an obligation to take into account stakeholder interests or whether decision-makers are merely enabled to take those interests into account, the goals of CSR are similar: to develop particular decision-making capacities within organizations that will allow the corporation to take those interests into account in a rational and legitimate way” (2008, p. 414). This indicates the inevitability to integrate stakeholders in CSR programs of organizations. Likewise, Argandoña and von Weltzien Hoivik (2009) stated that CSR involves the moral and legal responsibilities of a business towards its internal stakeholders such as shareholders and employees, and external stakeholders including suppliers, customers, the local community and other interest groups and the general public. In connection, Ali, Rehman, Ali, Yousaf and Zia (2010) asserted that “corporations are using CSR to strengthen their relationships with different stakeholders including customers, investors, government, suppliers, and employees. These strengthened relationships ensure corporations minimum conflicts with stakeholders and maximum loyalty from all stakeholders” (p. 2797).

It is indicated in CSR literature that one of the approaches that businesses can use to strengthen their relationships with stakeholders is through stakeholder dialogues/multi-stakeholder dialogues. In other words, stakeholder dialogue/multi-stakeholder dialogue is an aspect of CSR, which helps businesses better address stakeholders’ interests by developing relationships with the stakeholders (Albareda, Lozano, & Ysa, 2007; Payne & Calton, 2004); and engaging in stakeholders dialogues has several benefits for both the stakeholders and the business. Kaptein and Van Tulder (2003) describe the benefits of stakeholder dialogues as allowing the business and stakeholders to gain a better understanding of each other’s interests and dilemmas, facilitates getting suggestions and ideas to improve the business’s CSR
performance, identify areas mutual interest, and to resolve specific tensions in the relationship with stakeholders. Further, Campbell stated “corporations will be more likely to act in socially responsible ways if they are engaged in institutionalized dialogue with stakeholders” (Campbell, 2006, p. 934).

In brief, CSR deals with the duties of companies to its stakeholders and the society as a whole. It is imperative that both internal CSR i.e. welfare of workers, investors as well as external CSR i.e. welfare of society and local community should be carried on hand in hand if sustainable development of CSR is to be achieved (Jain & Jain, 2013); and modern day businesses need to place responsible attention to the entire aspects of important stakeholder interests (Millon, 2010). With this, the discussion about the drivers of CSR comes to an end, however since “what drives a corporation to engage in socially responsible activities and what benefits are expected are two different questions” (Gutiérrez & Jones, 2004, p. 152); the next section outlines the specific benefits that CSR may bring to businesses and the barriers that enterprises may encounter in implementing CSR.

### 4.2.4. Benefits and barriers of implementing CSR

This section demonstrates the benefits and barriers of implementing CSR, which is in line with the third research question of the study – What are the benefits and barriers of implementing CSR in the local context? This section presents the benefits and barriers involved in implementing CSR.

According to literature, there are benefits and barriers involved in the implementation of CSR (Branco  & Rodriques 2007; D’Amato, et al., 2009). In the sections above, particularly in section 4.2.3.1 where the business case for CSR is discussed, it is indicated that there are plenty of benefits that CSR can bring about to the business and beyond. The highlighted benefits include cost and risk reduction, achieving operational efficiency, achieving competitive advantage so that the business can perform better financially, that is strategic business reasons, building and defending reputation and legitimacy, promote innovation and help improve the welfare of society (Kurucz, et al., 2008; Zadek, 2000). More specifically, Weber stated the benefits of CSR as follows:

“CSR has positive effects on company image and reputation, Positive effects on employee motivation, retention, and recruitment, Cost savings, Revenue increases from higher sales and market share, CSR-related risk reduction or
management: CSR can also be used as a means to reduce or manage CSR-related risks such as the avoidance of negative press or customer/NGO boycotts” Weber (2008, pp. 449-450).

Likewise, other authors such as Keinert asserted that the benefits that CSR can bring include “the achievement of competitive advantage, better reaching market segments like ethical consumers and socially responsible investors, and enhanced opportunities for strategic alliances or other partnerships as major business opportunities for corporations with external constituencies, and from an internal point of view, enhancement of labor relations and employee commitment, and the achievement of overall better financial and strategic results” (Keinert, 2008, p. 89). Moreover, Flammer added that CSR has benefits – and it “may attract new customers (socially conscious customers, “green” consumers, etc.), increase the companies’ profitability, and enhance their competitiveness, companies may engage in CSR to improve their efficiency and enhance their reputation, brand, and trust” (Flammer, 2015, p. 2551). Further, Hatch and Stephen (2015, p. 65) explain “some of the benefits of CSR include better corporate and brand reputation, recruitment of superior talent, less employee turnover, and improved risk management.” Generally, the advocates of CSR uphold that engaging in CSR pays off for the business and its stakeholders in terms of improving customer loyalty, enhancing employee loyalty and moral, improved productivity, positive relations with regulators, public relations and marketing advantage, and first-to market or leadership benefit (Burke & Logsdon, 1996).

Nonetheless, there are still barriers/challenges that affect the implementation of CSR. A list of CSR challenges is provided by Berad (2011); Table16 lists those challenges.

<table>
<thead>
<tr>
<th>CSR Challenges</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Community Participation in CSR Activities</td>
<td>Lack of interest of the local community in participating and contributing to CSR activities of companies</td>
</tr>
<tr>
<td>Need to Build Local Capacities</td>
<td>There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies</td>
</tr>
<tr>
<td>Issues of Transparency</td>
<td>Lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds</td>
</tr>
</tbody>
</table>
Non-availability of Well Organized Non-governmental Organizations

Visibility Factor

Narrow Perception towards CSR Initiatives

Non-availability of Clear CSR Guidelines

Lack of Consensus on Implementing CSR Issues

**Table 16: Challenges of CSR**  
(Source: Berad, 2011)

In addition, Lund-Thomsen, Lidgreen, and Vanhamme (2016) identified what they termed “key obstacles” to implementing CSR initiatives as the lack of willingness among developing country governments to enforce national labor and environmental laws; the tendency that economic development imperatives often override social or environmental considerations in such countries; businesses take on irresponsible attitudes seeking to obstruct the enforcement of environmental laws or pollution control initiatives, often by bribing public officials; and lack of organized unions that promote better work conditions and benefits.

**4.2.5. Global vs. local CSR**

This section illustrates the notion of global versus local CSR in order to provide a lens to address the fourth research question of the study, which inquires about how the international CSR strategies and ambitions of the multinational companies are implemented in the local context. The idea of global integration versus local responsiveness of CSR is briefly highlighted in CSR literature (Bustamante, 2011; Cruz & Boehe, 2010; Husted & Allen, 2006; Muller, 2006), and it is pointed out that it is imperative to make a distinction between global and local CSR (Husted & Allen, 2006). Even though perceptions vary over whether MNCs have to centralize (global integration) or decentralize (local responsiveness) their CSR (Muller, 2006), it is evident that companies that operate in dissimilar contexts and countries
may face diverse local challenges along with different levels of CSR maturity and requirement and enforcement (Cruz & Boehe, 2010) that may call for local responsiveness. Bustamante wrote the following in this regard:

“If CSR strategies are to be adapted to local conditions, the decentralization of decision-making power and the allocation of responsibility and budgets to local subsidiaries would be the adequate response. On the other hand, a standardized approach would require a coordination of decision-making and would be fomented by at least a partly centralization of decision-making power and the setting of standards and principles that are to be followed by all functions and divisions” Bustamante (2011, p. 9).

Further, in discerning the difference between the global integration and local responsiveness, Jamali suggested that “each of these strategies presents distinct advantages and disadvantages. While global strategies may be more proactive, efficient, and integrated, they often lack ownership and legitimacy at local level; decentralized strategies, on the other hand, while locally responsive may be fragmented/ad hoc, Jamali (2010, p. 186). Table 17, which is adopted from Jamali, illustrates the advantages and disadvantages of global and local CSR.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global CSR</strong></td>
<td><strong>Local CSR</strong></td>
</tr>
<tr>
<td>Upward harmonization of CSR standards internationally</td>
<td>Nationally responsive and adapted to local context</td>
</tr>
<tr>
<td>Globally integrated and standardized strategy</td>
<td>Tailored to local cultural differences and preferences</td>
</tr>
<tr>
<td>Policies, processes, and structures consistent across cultures</td>
<td></td>
</tr>
<tr>
<td>Insensitivity to local needs</td>
<td>Fragmented inconsistent and reactive strategies</td>
</tr>
<tr>
<td>Reduced ownership and legitimacy</td>
<td>Lack of clear responsibility and internal tensions</td>
</tr>
<tr>
<td>Compliance-based strategies that are tailored to end of pipe controls</td>
<td>Approaches that live up to minimum global requirements</td>
</tr>
<tr>
<td>Approaches that live up to minimum host requirements</td>
<td>High coordination and control necessary</td>
</tr>
</tbody>
</table>

Table 17: Global vs. Local CSR
(Source: Jamali, 2010)
Moreover, as elaborated by Husted and Allen (2006) the decisive difference between global and local CSR is “the community that demands it,” the writers explained that while the ‘local’ CSR deals with the firm's obligations based on the standards of the local community, the ‘global’ CSR deals with the firm's obligations based on those 'standards to which all societies can be held” (p. 840).

Overall, the above sections mainly elaborate on what is included in the study. It is important to note here that this study conducted interviews with the company managers, employees, NGOs (representing local communities), experts from various government offices, farmers, and academics. However, the study did not conduct interviews with customers, as the other stakeholders that were interviewed (such as academics, experts from NGOs, experts from government offices, and even the farmers themselves) are indirectly customers. The interview schedules with these interviewees contained questions inquiring about the respondents’ assessments of the brewery sector for its advertising practices, consumer information availability, and other product related concerns. On top of that, the main reason for not interviewing customers is that they are not informed respondents and not experts. They may have opinions on the breweries, but they have little knowledge. Besides, since shareholders are difficult to find (as they are mostly scattered all over the world) this study utilized the interview responses of managers in examining the CSR commitments of the case companies to their respective shareholders.

4.3. Theoretical Map - Summary Table of the Theoretical Foundations

Based on the highlights offered in this chapter regarding CSR practices, CSR sources, benefits and barriers of CSR, and the global integration and local responsiveness of a business’s CSR commitments, Table 18, given below, portrays the theoretical map that summarizes the theoretical foundations that this research drew on.

Accordingly, with respect to CSR practices, the theoretical foundation has identified that businesses may have to undertake various types of CSR activities to their respective stakeholders such as shareholders (owners), employees, customers, local community, suppliers, and the environment. Moreover, in terms of sources (drivers) of CSR, the theoretical foundations outlined a set of CSR drivers including CSR and Marketing, CSR and Governance, CSR and Company Values, CSR and Public Pressures & Expectations, CSR and the Law, and CSR and Stakeholders. In this thesis, these are considered as CSR sources for a
business to behave in a responsible way. This is based on the notion that businesses get the impetus from these CSR sources to undertake CSR practices.

Additionally, it is noted that by implementing CSR, businesses realize certain benefits such as achieving acceptance and legitimacy, achieving operational efficiency by reducing cost and risk, improving competitiveness, contributing positively to the society, and maintain the license to operate by improving the welfare of the society as a whole (Brown 2008; Carroll & Shabana, 2010; Grigore, 2011; Maon, et al., 2010; Serafeim, 2013; Shahin & Zairi, 2007). Nonetheless, the journey to realize the benefits of CSR is not without barriers/challenges. There are barriers that affect the success of companies CSR programs. As shown in the model, there are barriers that may hamper companies’ commitment to apply CSR principles and practices, and these challenges may come in different forms and shapes ranging from transparency problems to lack of consensus on the application of CSR issues (Berad, 2011).
### 1. CSR Practices

<table>
<thead>
<tr>
<th>Shareholders (owners)</th>
<th>Employees</th>
<th>Local community</th>
<th>Customers</th>
<th>Suppliers/farmers</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent communication; honest information; information availability; timely disclosure; seriously considering shareholder proposals</td>
<td>Participation of employees in CSR; fair and equitable treatment of employees; openness to employees; respect to employees' suggestions and grievances; attractive compensation and benefits packages; attractive career opportunities; support the employees' association; and conduciveness of the working conditions/safety and health</td>
<td>Commitments to contribute to improve the quality of life for local communities; promoting awareness of health and safety issues related to a business’s respective industry; and engaging in dialogues with community groups</td>
<td>Programs to increase consumer information availability; commitment to truthful advertising and advertising to children; educating customers to reduce the environmental cost of using a business’s product</td>
<td>Enhance farmers’ productivity and welfare; optimizing transportation with the farmers; reduce packaging costs across the supply chain</td>
<td>Environment protection activities; conserving water resource; and converting waste to other use</td>
</tr>
</tbody>
</table>

### 2. CSR Sources (Drivers)

| CSR and Marketing (The Business case for CSR): Profit, competitive advantage, reputation, good will | CSR and Governance: Internal governance mechanisms - policies, codes of conduct, systems, structures | CSR and Company Values: Companywide ethical values, beliefs; ethical and moral obligations uphold | CSR and Public Pressures & Expectations: Pressures from NGOs, media, trade unions; and international CSR tools/initiatives | CSR and The Law: Domestic/national (CSR) laws and regulations | CSR and Primary Stakeholders: major stakeholders’ (employees, customers, local community, suppliers/farmers) demands and interests |
3. Benefits and Barriers of Implementing CSR

Benefits
Defending reputation and legitimacy; achieving cost & risk reduction; achieving traditional motives (such as competitive advantage & profit); conformity & compliance; maintaining the license to operate; enhancement of labor relations and employee commitment; and achievement of overall better financial and strategic results.

Barriers
Lack of community participation in CSR activities; need to build local capacities; lack of transparency; non-availability of well-organized NGOs; focus on PR only to get media visibility; narrow perception towards CSR initiatives; non-availability of Clear CSR guidelines; and lack of consensus on implementing CSR issues; lack of willingness among developing country governments to enforce national labor and environmental laws; the tendency that economic development imperatives often override social or environmental considerations; and lack of organized unions that promote better work conditions and benefits.

4. The Notion of Global Integration versus Local Responsiveness of CSR

<table>
<thead>
<tr>
<th>Global Integration</th>
<th>Local Responsiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardization of CSR decisions</td>
<td>Decentralization of CSR decisions</td>
</tr>
</tbody>
</table>

Table 18: Theoretical Map - Summary of the Theoretical Foundations
(Extracted from the Theories Identified in the Theoretical Foundations of this Thesis)
Further, in view of the research issue of the implementation of the international companies' global CSR strategies (and ambitions), the theoretical foundation has put forth the meaning and the pros and cons of global integration and local responsiveness of CSR. In general, this dissertation aims to provide a major overview of what are generally the most important CSR practices in the brewery sector in Ethiopia by illustrating the CSR practices the breweries are undertaking, why they are engaged in CSR, the benefits and barriers/challenges they face in implementing CSR in the local context, and how the multinational breweries operating in the area are implementing their global CSR strategy (ambitions) in the local context.
4.4. Chapter Summary
This chapter highlighted the theoretical foundations that a CSR research like this one might rely on, particularly when the research focus is to explore what CSR activities a business is undertaking, why it is doing it, and what are the benefits and challenges of implementing CSR. In the process of developing this theoretical foundations, various types of CSR activities that businesses are expected to perform towards their stakeholders are identified, which is in line with the first research question of the study – What CSR practices do the case companies do in the local setting? Moreover, the theoretical foundations highlighted CSR sources (drivers), which are identified from CSR literature, including CSR & marketing strategy (the business case for CSR), CSR and governance, CSR and company values, CSR & public pressures & expectations, CSR & Law, and CSR & stakeholders to assist the endeavor to answer the second research question of the study (Why do the case companies undertake CSR?) from these perspectives.

In addition, there are certain benefits that CSR-oriented business might enjoy and justify why a business may undertake CSR. The specific benefits that the theoretical framework identified are to defend reputation and legitimacy, achieve cost & risk reduction, achieve traditional motives such as competitive advantage and profit, ensuring conformity and compliance, and maintaining the license to operate in the areas that the business operates. However, the theoretical framework preserves that garnering the benefits/opportunities of implementing CSR activities is not free from barriers/challenges. Accordingly, it is identified that there are barriers, which businesses may encounter in the implementation of CSR practices such as lack of community participation in CSR activities, need to build local capacities, lack of transparency, non-availability of well-organized NGOs, focus on PR only to get media visibility, narrow perception towards CSR initiatives, non-availability of clear CSR guidelines, and lack of consensus on implementing CSR issues, lack of willingness among developing country governments to enforce national labor and environmental laws; the tendency that economic development imperatives often override social or environmental considerations; and lack of organized unions that promote better work conditions and benefits (Berad, 2011; Lund-Thomsen, et al., 2016). These perspectives would help the research process in answering the third research question of the study, which is what are the benefits and barriers of implementing CSR in the local context. Eventually, the notion of global integration of CSR and local responsiveness (global vs. local CSR) that the theoretical framework outlined would assist the investigation of how the MNCs operating in the brewery
sector of Ethiopia are implementing their global CSR strategies and ambitions, which is the last research question of the study.
CHAPTER 5: THE RESEARCH METHODOLOGY AND METHODS

5.1. Overview
This chapter presents the research methodology and methods that the research employs. Research is a process that involves the collecting, recording, analyzing and interpreting of information, and it is all about providing answers to questions and developing knowledge (Wilson, 2014). In connection, the author explained that methodology and methods are important elements in a research project, accordingly the author described research methodology as “the approach and strategy used to conduct research; and is concerned with the overall approach to the research process including everything from theoretical application to the collection and analysis of data; whereas methods refer to the different ways by which data can be collected and analyzed” (Wilson, 2014, p. 3). Accordingly, the text below is arranged in the following pattern of sections to highlight the research methodology and methods of this study: (5.2) Research Design, (5.3) Explanation and Motivation of the Cases, (5.4) Data Collection (Overview of the data sources, the interview instrument, procedure in data collection (description of respondents’ categories, topics for data capturing through guided interviews), and sampling method, (5.5) Data Analysis, and (5.6) Ethics (Interview) Protocol. All these are guided by the research questions of the study. Let us now revisit the research questions and proceed with the aforementioned sections:

Central question:

What are the factors enabling and/or preventing CSR practices and principles from being adopted by companies operating in an LDC context? With a focus on studying (1) What CSR practices do the selected breweries undertake? (2) Why are they doing it? (3) What are the benefits and barriers of implementing CSR in the local context? And (4) How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?

5.2. Research Design
Research design is defined as the specifications of methods and procedures for acquiring the information needed. It is a plan or organizing framework for doing the study and collecting data (Smith & Albaum, 2010). More plainly stated, Yin described research design as “the logical sequence that connects the empirical data to a study’s initial research questions and, ultimately to its conclusions” (Yin, 2003a, p. 20). Moreover, Yin elaborated research design
Part 2  Chapter 5: The Research Methodology and Methods

further and wrote “a research design is a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers) about these questions. Between here and there may be found a number of major steps, including the collection and analysis of relevant data,” (Yin, 2003a, p. 20).

Accordingly, in this study, a qualitative research approach is employed. In the words of Campbell, “the simplest way to define qualitative research is to note that the results are primarily expressed with words” (1999, p. 532). Further, Cassell and Symon asserted that qualitative methodology has “a long history and tradition within organization and management research and provides powerful tools for research in this area” (2006, p. 6). It can be used in research projects that focus on organizational studies (Strauss & Corbin, 1990). Accordingly, this research takes a qualitative approach, with multiple case studies and it seeks to explore the CSR practices of the breweries in Ethiopia. In other words, the proposed qualitative approach to inquiry is multiple case studies. Multiple qualitative case studies “address the same research question in a number of settings using similar data collection and analysis procedures in each setting,” and the evidence generated from multiple case studies is “quite robust” (Herriott & Firestone, 1983, p. 14).

In other words, as a research strategy, case study research is suitable to organization and management studies like this one (Yin, 2003a). This is also in line with the notion that “there appears to be a growing interest in, and use of the case study methodology in business research” (Ellram, 1996, p. 93). In general, case study research involves the study of an issue explored through one or more cases within a bounded system, i.e. a setting or a context (Creswell, 2007); it is “a research strategy that focuses on understanding the dynamics present within a single setting” (Eisenhardt, 1989, p. 532); and the case studies may involve single case or multiple cases (Yin, 2003a). As the empirical study will focus on the CSR practices in a specific sector, that is the brewery sector in Ethiopia, three companies are considered as cases in this study, and the case study approach allows us to deeply and holistically studying the CSR engagements of the companies in the given context. That is as indicated earlier (see section 1.6), CSR is a contemporary issue in the local setting that warrants case studies as an appropriate research strategy to understand this contextually contemporary phenomenon; case studies are particularly suitable to explore this contemporary field and gain deep insight in the study context (Yin, 2003a).
Nonetheless, as argued by Noor (2008), case study is not intended as a study of the entire organization, it’s rather intended to focus on a particular issue, feature or unit of analysis; in view of this idea, this research focuses on studying the CSR practices of the companies under the study. Moreover, as CSR is a contemporary issue in the local setting, the envisaged case studies are appropriate research designs to comprehend the contextually contemporary phenomenon (Yin, 2003a). Thus this strategy provides detail information and opportunity for intensive analysis of the CSR practices of the cases. As the study will make use of a multiple case studies approach, it will also facilitate a comparative analysis of the CSR practices of the cases. This means that the focus of the study will be describing, exploring and understanding the CSR practices of the subject units. The study aims at a profound, in-depth and overall picture of the issue as a whole.

To put it differently, based on the guiding motivation of this research, which is that not much is known about CSR practices from this part of the developing world (details about the study motivation is available in Chapter 1), the case studies itself, i.e.; studying the CSR practices of the chosen companies in the study context is interesting. Because this study is based on multiple case studies, the single case study of each case company makes the study, what Stake called an “intrinsic case study,” from the perspective of the individual cases, as not much is known about what companies do in the study context in terms of CSR. The author explained intrinsic case study as follows:

“It is undertaken because one wants better understanding of this particular case. It is not undertaken primarily because the case represents other cases or because it illustrates a particular trait or problem, but because, in all its particularity and ordinariness, this cases itself is of interest. The purpose is not to come to understand some abstract or generic phenomenon-the purpose is not theory building” (Stake, 1995, p. 237).

However, since this study is based on multiple case studies, in addition to studying each case as interesting on its own, the study also strives to “provide insight into an issue,” an approach which Stake called the “instrumental” case study (Stake, 1995, p. 237). But the aim of this research is not to condense its findings into some form of theoretical explanation. The case story itself is the result. In order to make the finding more robust, the research applies multiple case studies (including comparative analysis) involving examining several cases to understand the similarities and differences between the cases (Baxter & Jack, 2008). The
analysis contains a thorough description of individual cases (see Appendix 7) as well as comparative analysis (see Chapter 7), but the aim is not necessarily and primarily to summarize and generalize. In view of this, Flyvbjerg asserted:

“Case stories written like this can neither be briefly recounted nor summarized in a few main results. The case story is itself the result. It is a 'virtual reality,' so to speak. For the reader willing to enter this reality and explore it inside and out the payback is meant to be a sensitivity to the issues at hand that cannot be obtained from theory” (Flyvbjerg, 2006, p. 23).

Further, Flyvbjerg reiterated that “often it is not desirable to summarize and generalize case studies. Good studies should be read as narratives in their entirety” (Flyvbjerg, 2006, p. 25). Similarly, Peattie put forth that “it is simply that the very value of the case-study, the contextual and interpenetrating nature of forces, is lost when one tries to sum up in large and mutually exclusive concepts,” (Peattie, 2001, p. 260). Further, in favor of the view from Malinowski (1922/84), Stake stated “damage occurs when the commitment to generalize or create theory runs so strong that the researcher’s attention is drawn away from features important for understanding the case itself” (Stake, 1995, p. 238).

In due course, the empirical case studies focus on the study/analysis of the CSR practices of three brewing companies in Ethiopia; two of them are multinationals (coded here as Case #1 and Case #3 for the purpose of anonymity and confidentiality) and the remaining one is a domestic brewery (coded as Case #2); with emphasis on studying what CSR practices they are undertaking, why are they doing it, what are the benefits and challenges of implementing CSR in the local setting, and how the international CSR strategies (and ambitions) of the international companies are implemented in the local context.

Data was collected from multiple sources (see sections 5.3 to 5.5), and the theoretical foundations and literature review of this study were used as the bases for the subsequent data gathering and analyses phases of this research project. While explaining the benefits of case studies, Yin wrote “the case study inquiry relies on multiple sources of evidence, with data needing to converge in a triangulating fashion and benefits from the prior development of theoretical propositions to guide data collection and analysis” (2003a, p. 13). Hence, the specific questions of the data collection instruments are extracted from the preceding chapters and these theories would also serve as the foundation in analyzing the collected data.
5.3. Explanation and Motivation of the Cases
As indicated earlier, the case companies under the study include one local operator (Case #2) and two international brewing companies (Case #1 and Case #3). While this research had its inception back in 2010, the goal was to study the CSR practices of the then local breweries and the only one foreign brewery that were operating in the country. Back then, based on common knowledge, three of the local companies and the only international company were well regarded for their social responsibility practices, particularly in line with environmental protection and community centered activities and the goal was to illustrate what the breweries in the LDC context do in terms of CSR. Nonetheless, around the same time, international companies started to scramble for the Ethiopian beer market and two of the remaining local breweries were acquired by two international companies. That has changed the landscape of the brewery sector in the country. In line with this, CNBC once reported-“The brewing industry has changed in Ethiopia as the international firms have come in and the international brewers are helping transform Ethiopia's business landscape.”

The information that this study obtained from the Ethiopian Privatization and Public Enterprises Supervising Authority indicated that commitment to social responsibility was one of the factors that was considered in the bidding process and even the latest companies that joined the Ethiopian brewery sector won the latest bid partly for the CSR pledge they made in the bidding. This is in line with what Keinert stipulated – “third world governments would soon require companies for future bids to have CSR policies in place, and consumers would sooner or later abandon any company which does not engage in CSR” (Keinert, 2008, p. 89). As part of the supervisory requirement, the companies keep reporting their progresses to the Privatization and Public Enterprises Supervisory Authority of Ethiopia. Right after entry into the Ethiopian beer market, the new breweries took crucial moves in introducing more robust CSR initiatives that the industry had never seen before, ranging from promoting responsible drinking to that of supporting smallholder farmers. Moreover, all the foreign breweries operating in the local market are the global giants in the industry with extensive global CSR experience and well established CSR programs; they have an established CSR quality and moral and this is useful in the implementation of CSR in the local context. Thus, this made the research inception divert its direction from what was originally intended to study to that of exploring the factors that promote and/or prevent the

---

adoption of CSR practices by the companies that operate in the LDC context given the case of the brewery sector in Ethiopia.

The companies’ commitment to CSR may have contribution to achieve legitimacy and take on board; in view of this Chung and Safdar (2014, p. 1718) argued that “one of the reasons of MNC’s active engagement with CSR activities is to overcome foreign firm’s liability of foreignness (LOF). To earn legitimacy and overcome LOF, foreign firms may invest on social programs in the early phase, which result them to participate actively in social programs.” Similarly, Campbell, Eden and Miller (2012, p. 1) suggested that foreign businesses may be “able to improve their social legitimacy and overcome LOF by demonstrating social commitment to host country constituents through corporate social responsibility.” Thus this study will be a pioneer research to explore the CSR issues in the brewery sector in the country. There is no prior study undertaken that examines what CSR practices are undertaken in the brewery sector in Ethiopia that investigates what CSR activities they are doing, how the MNCs are trying to introduce their global CSR ambitions/strategies in the local context, why do they do their existing CSR practices, and what benefits and barriers are present in implementing CSR in the local context. The CSR profile of the companies that is found from their documents and websites is presented briefly below.

Case #1

Case #1’s global approaches for CSR encompass areas such as protecting the environment and preserving biodiversity to conserve the natural world, waste management by reducing, reusing, and recycling waste, carbon control by reducing reliance on fossil fuels, water stewardship, reinforce workplace health, safety and wellbeing, and sustainable packaging.

Case #2

Case #2 represents one of the four domestic breweries in Ethiopia with significant equity investments from foreign companies. The company claims to be the pioneer in the local context in introducing latest and advanced brewing technology to the domestic market; it also claims to be the first Ethiopian brewery to receive the ISO awards - The ISO 9001 Quality Management System and ISO 14001 Environmental Management System.
Case #3

Case #3’s global CSR focus areas include promoting responsible consumption, protecting water, reducing carbon emissions, waste management, supporting local communities, ensuring workplace safety and health to employees, and sourcing sustainably from local sources.

5.4. Data Collection

5.4.1. Overview of the data sources

To address the research questions, primary data sources are predominantly being used. In fact, whenever it is found to be relevant to this study, secondary sources comprising of available archive records and document analysis were used. Primary data are new data collected for the current research project which makes the researcher primary user, while secondary data are already existing data in which the researcher collected from various books and sources (Verschuren, Doorewaard, & Poper, 1999). In other words, the instruments to collect the data include interviews with diverse groups of respondents (see section 5.4.2. and 5.4.3 for the interview process and details of each group respectively), document analysis, archives records, and observation; and the captured data format would be textual, which is in words (Creswell, 2007; Easterby-Smith, et al., 2008; Yin, 2003a).

In this research, nonetheless, the major instrument that was employed to collect the data was interviews. The researcher interviewed varied groups of respondents. Savenye and Robinson affirm that “interviews represent a classic qualitative research method that is directly interactive” (1996, p. 1056), and in studying the cases in a holistic approach, interviews help achieve thick, rich data. Above all, “research in the social sciences is the great bastion of the interview,” Briggs (1986, p.1), and interview gives the opportunity to obtain more information and it permits greater flexibility. It provides freedom for adapting and interpreting questions depending upon the situation (Smith & Albaum, 2010). More precisely, Stake wrote the following on qualitative case studies involving interviewing diverse groups of respondents:

“Much of what we cannot observe for ourselves has been or is being observed by others. Two principal uses of case study are to obtain the descriptions and interpretations of others. The case will not be seen the same by everyone. Qualitative researchers take pride in discovering and portraying the multiple
views of the case. The interview is the main road to multiple realities” (Stake, 1995, p. 64).

5.4.2. The interview instrument
Interviews are “essential sources of case study information” Yin (2003a, p. 89) and before any interview can occur, consideration must be given to the very questions that will be asked (Knox & Burkard, 2009). In this study, guided open interviews are employed, and the responses remained open-ended and this enabled respondents to produce as much information as they wish to and provides a room for the researcher to probe while consistency is ensured at the same time (Easterby-Smith, et al., 2008; Turner, 2010). This is mainly based on the belief that this approach will allow respondents to describe and analyze their experiences or feelings in their own words without being constrained by any form of framework. The interview questions sought to probe more deeply. In doing so, the CSR practices of the breweries as claimed by themselves (this is done by interviewing the respective managers of each case company under the study) and as witnessed (explained) by the stakeholders, both internal and external to each brewery, will be explored (the latter one would contain interviews with selected employees working in the companies under investigation, communities as represented by NGOs and unions, government agencies, and suppliers). Respondents are chosen purposefully, based on whether they are knowledgeable about the subject matter, affected by the companies’ practices positively or negatively, and related to the companies one way or another.

This triangulation of interview data sources is crucial. For example, the triangulation of the interview data helps to deal with socially desirable answers that the company managers may provide, by cross checking results with other actors including employees, NGOs, experts from government offices, academics and farmers. In line with this, Eisenhardt and Graebner wrote “in particular to interview method, the challenge to interview data can be mitigated by data collection approaches that limit bias. The key to this is to use numerous and highly knowledgeable informants who view the focal phenomenon from diverse perspectives. These informants can include actors within and outside the cases, but have some knowledge about the study subject and the cases” (2007, p. 28). Besides, “findings are more dependable when they can be buttressed from several independent sources,” (Miles, Huberman, & Saldaña, 2013, p. 307).
5.4.3. Procedure in data collection

In essence, heterogeneous groups of respondents were approached for the interviews and a total of forty four in depth interviews were conducted. These respondents were drawn from five groups:

(A) Managers from the case companies: Two managers willing to participate from each case company were interviewed. This makes a total of six managers, who participated in the interview. Each interview lasted from 60 to 90 minutes in average in each. For in text referencing of the managers interviewed in the study a simple code is used from M1 to M6. M1 and M2 are for managers from Case #1, M3 and M4 are for managers from Case #2, and M5 and M6 are for managers from Case #3. The interviews with the managers from Case #1 and Case #2 were conducted in 2015; and the interviews with the managers from Case #3 were conducted in 2016. The interviewed managers are from various higher management positions including commerce manager, CSR manager, operations manager, regional marketing managers, research and innovation manager, and social and community affairs manager. All the managers, who participated in the study, requested their positions not be disclosed in a revealing way.

(B) Employees working for the case companies: three employees each were interviewed from each company. That means a total of nine employees have participated in the interview, each interview lasted 60 minutes on the average, for in text referencing of the employees interviewed in the study a code is used from E1 to E9. Where E1, E2, and E3 are for employees from Case #1; E4, E5, and E6 are for employees from Case #2; and E7, E8, and E9 are for employees from Case #3. The interviews with the employees from Case #1 and Case #2 were conducted in 2015; and the interviews with the employees from Case #3 were conducted in 2016. The interviewed employees are from various background, including operations experts, HRM expert, brand officer, mechanic, service delivery officer, sales and distribution officers, and marketing officers. All the employees, who participated in the study, requested their positions not be disclosed in a revealing way.

(C) NGOs, Unions, and Communities: Seven respondents were interviewed from six NGOs, and the interview took 45 to 60 minutes in average. The respondents are identified in the analysis with codes from NG1 to NG7. In certain instances, more than one expert participated in the interviews from the NGOs. These interviews were conducted in 2015. The NGOs that participated in the study are Hundee - Oromo Grassroots Development Initiative,
Organization for Rehabilitation and Development in Amhara (ORDA), Self Help Africa, SNV, TechnoServe, and African Services Committee.

(D) The Government Authorities: Twelve respondents participated from six government offices and commissions, and the interview lasted from 60 to 90 minutes in average. The respondents are identified as GV1, GV2, GV3, and GV4 for those interviewees from Ministry of Justice and Ministry of Trade, who are specifically interviewed regarding CSR and the law in the country; GV5, GV6, and GV7 for those interviewees from The Ministry of Environment and Forest, as well as the Addis Ababa Environmental protection Authority, whose responses focused on environmental issues; GV8, GV9, and GV10 are those interviewees from the Ministry of Labour and Social Affairs; GV11 for the respondent from Federal Ethics and Anti-Corruption Commission of Ethiopia; and GV12 for an interviewee from Ethiopian Human Rights Commission. These interviews were conducted in 2015. These respondents are from various backgrounds, including legal experts, environment experts, labor affairs expert, social affairs experts, ethics and anticorruption expert, and human right expert. All the experts from the government offices, who participated in the study, requested their positions not be disclosed in a revealing way.

(E) Farmers: Interviews were conducted with six farmers, three farmers each from the two case companies (Case #2 and Case #3), which work closely with the local farmers; each interview took 45 to 60 minutes. The interviewees are identified as F1, F2, and F3 for farmers that work with Case #2; and F4, F5, and F6 for farmers that work with Case #3. Case #1 does not work with a defined group of farmers. These interviews were conducted in 2016.

(F) Academics: Interviews were held with four academics (with assistant professorship and lecturer positions) from three local universities – Addis Ababa University, Mekelle University, and Haramaya University. Each interview lasted 60 minutes in average. The interviewees are identified as A1, A2, A3, and A4. These interviews were conducted in 2016. A broad group of respondents were interviewed from diverse backgrounds. The interviews were conducted by the researcher and trained research assistants at various locations that were most convenient for the respondents, either at their workplace, or out in the fields, or in public places. Except for a couple of interviews, which were conducted by telephone, the rest of the interviews were conducted in person and the interviews were tape recorded. Three respondents asked not to be tape-recorded. Extensive notes were taken during and immediately after those interviews. Then, the transcriptions of the interviews were done by
professional transcribers. Table 19 provides the summary of interviewees. Appendices 1-6 contain the interview schedules for each category of respondents identified below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers from the case companies</td>
<td>6</td>
</tr>
<tr>
<td>Employees from the case companies</td>
<td>9</td>
</tr>
<tr>
<td>Government</td>
<td>12</td>
</tr>
<tr>
<td>NGOs</td>
<td>7</td>
</tr>
<tr>
<td>Farmers</td>
<td>6</td>
</tr>
<tr>
<td>Academics</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
</tr>
</tbody>
</table>

Table 19: Summary of Interviewees

Different sets of questions were posed to each of these heterogeneous groups, this technique is in line with Stake’s viewpoint that “qualitative case study seldom proceeds as a survey with the same questions asked to each respondent rather each interviewee is expected to have had unique experiences, special stories to tell” (1995, p. 65). The respondents were drawn from the internal and external stakeholders groups of companies. As explained in Chapter 4, under the section of CSR and stakeholders, managers and employees fall under the internal stakeholders category, while the rest including NGOs, communities, government authorities, academics and farmers are categorized as external stakeholders. It is expected that the activities and decisions that organizations made should account for both such internal and external stakeholders (Serafeim, 2013; Venanzi & Fidanza, 2006; Ward, 2004; Werther & Chandler, 2010). A brief description of each category of respondents is given below.

5.4.3.1. Brief description of respondent Categories

The following text provides a brief description of the six categories of respondents listed in the previous section.

**Managers from the case companies**

The first group contains company managers. These were key managers from the focal companies, who were willing to collaborate in this research. These have managerial positions as well as knowledge of the CSR practices of their respective companies. The managers are supposed to be in a position to provide detailed information regarding their organization’s
CSR programs. It is believed that the managers are those who initiate, devise and oversee the operations of an organization including its CSR activities, and more importantly managers are one of the major organizational stakeholders of a given company (Werther & Chandler, 2010). It is based on this belief that the managers, who have participated in designing and/or implementing CSR in their respective companies and are willing to participate in this study, are made part of the interview. The participants requested utmost anonymity and confidentiality.

**Employees working for the case companies**

The second group contains employees. Employees are regarded as the vital resource of an organization and management gets jobs done through its employees. As such the employees have knowledge of what is happening in their organization. In view of this, employees are also made to be part of the interview process. Above all, employees are one of the major organizational stakeholders, who demand better labor relations policies, safety conditions, financial security, and other conditions at the workplace (Corley, et al., 2001; McWilliams & Siegel, 2001; Moon, 2007). And their views about the CSR of the companies under the study deserve consideration. In essence, to be part of the interview process, an employee needed to have reasonable working experience in the organization, and the researcher approached those employees who are fairly familiar with the subject matter under the study. Moreover, due to the sensitive nature of the study and ensuring confidentiality, the researcher identified the employees who participated in the interview based on personal networks and ensured that no one can trace those who participated in the interview. It was absolutely necessary to do so to ensure confidentiality and not reveal the identity of the employees who participated in the study to another person, including company managers, to avoid unwanted repercussions. The employees’ participation in the study was achieved based on the trust of keeping their identity strictly anonymous with absolute confidentiality.

**NGOs and communities**

This group contains respondents that are drawn from NGOs and Unions to study the focal companies’ CSR commitments to their respective communities. Institutions (NGOs) representing the community are chosen from this group based on their awareness about the subject of the study and the knowledge they have regarding the business and CSR practices of the case companies, this is a useful approach because “the role of NGOs is critical in Ethiopia; and the NGOs can be expected to voice expectations about the role of business in
addressing social issues. As corporations move into Ethiopia, they are beginning to partner with NGOs” (Robertson, 2009, p. 628). To this end, the NGOs that work in partnership with the companies in the brewery sector are purposely selected as they are more appropriate to describe the CSR practices that are going on in the brewery sector. Like employees, these group of stakeholders who are called societal stakeholders such as communities and NGOs are affected and would affect an organization’s program including its CSR initiatives (Moir, 2001; Rao, 2004; Werther & Chandler, 2010). In other words, the interviews with the NGOs are designed to explore the CSR commitments of the companies for their communities. In order to get relevant responses with respect to what the companies are doing to their communities, the study conducted interviews with those NGOs that work closely with the brewery sector. The central point of the interview was investigating what benefits that the case companies in the brewery sector bring about to their communities as witnessed by the NGOs on behalf of the communities and also sought the overall evaluation of the NGOs concerning the brewery sector in the study context. Respondents were drawn from NGOs that represent the communities. These are local NGOs (Hundee-Oromo Grassroots Development Initiative, Organization for Rehabilitation and Development in Amhara, ORDA), and international NGOs (Self Help Africa, SNV, Technoserve, and African Services Committee).

**The government authorities**

It is also explained that government is one of the societal stakeholders of businesses (Carroll, 2015; Werther & Chandler, 2010). Thus it is appropriate to attend to the views of relevant governmental authorities regarding the CSR practices of the cases and illustrate the nationwide policies and laws as well as initiatives that the government promotes with respect to CSR. Thus respondents consisting of experts from government offices that are concerned with the law enforcement, social/labor affairs and environmental protection have participated in the interviews. To this end, interviews were conducted with key informants (these are respondents who have knowledge of the study subject as well as are in the position to provide the required information) from relevant government offices, whose activities are related to the social, environmental, and legal reinforcement which are central to the study of CSR-related subjects. Accordingly, interviews were conducted with various experts from government offices that work on environmental, social and legal reinforcement aspects including: the Ethiopian Ministry of Justice (MOJ), the Ethiopian Ministry of Labor and
Social Affairs (MOLSA), the Ethiopian Ministry of Environment and Forest (MOEF), the Addis Ababa Environment Protection Authority (AAEA), the Federal Ethics and Anti-Corruption Commission of Ethiopia (FEACC), the Ethiopian Human Rights Commission (EHRC), and the Ethiopian Privatization and Public Enterprises Supervising Agency (EPESA).

Farmers

The fifth group comprises the farmers. With this respect, the researcher conducted interviews with farmers in the local setting from whom the case companies source part of inputs (barley) and that the case companies work closely with. As suppliers, farmers are considered as stakeholders of an organization from whom businesses get their inputs (Eaton & Shepherd, 2001; Spiller, 2000; Werther & Chandler, 2010). A selection of farmers that each company works with participated in the interview to assess the contribution of the companies to the smallholder farmers in the local market.

Academics

The last group of respondents were academics. The study conducted interviews with four university professors from three different universities. The respondents provided their evaluation of the brewery sector for its CSR commitments. The respondents are purposely chosen based on their experience in teaching CSR-related courses and topics as well as the information they have regarding the activities of the breweries in the local setting.

Overall, as indicated earlier in Chapter 4 (see Section 4.2.2.7) interviews were conducted with company managers, employees, experts from NGOs and government offices, academics, and farmers. It is worth noting here that the study did not involve interviews with customers, as the other stakeholders that were interviewed (such as academics, experts from NGOs, experts from government offices, and even the farmers themselves) are indirectly customers. The interview scheduled with these interviewees contained questions inquiring about the respondents’ assessments of the brewery sector for its advertising practices, consumer information availability, and other product related concerns. On top of that, the main reason for not interviewing customers is that they are not informed respondents and not experts. They may have opinions on the breweries, but they have little knowledge. In addition, since shareholders are difficult to find (as they are mostly scattered all over the world) this study utilized the interview responses of managers in examining the CSR commitments of the case companies to their shareholders.
5.4.3.2. Major topics for data capturing

In gathering the data, the interviews focused on the following major topics that are taken from the theoretical framework and literature review chapters of the study in light of the research questions: the respondents overall understanding of CSR, CSR practices that the case companies undertake, why the case companies engage in CSR practices from the perspectives of CSR drivers, the benefits and barriers involved in implementing CSR in the local context, and how the multinationals, which are part of the investigation, are implementing their international CSR strategies (and ambitions) in the local context. A brief review of the topics follows.

**Overall idea about CSR practices**

This topic focuses on the meaning and understanding of CSR in the respective companies under the study. It deals with the respondents overall understanding of CSR, types of CSR activities that the companies undertake, identifying how CSR functions in the companies, and how they carry out their CSR programs.

**CSR practices that the case companies undertake**

This is in line with the first research question of the study: what are the CSR practices that the breweries do? This topic deals with exploring the types of CSR practices that the case companies are undertaking in the local context. It will explore the CSR commitment of the breweries to their respective stakeholders: shareholders (owners), employees, customers, the local community, suppliers (farmers), and the environment. Guided interviews were used to assess the CSR practices that the companies perform to their stakeholders. In the CSR literature, these stakeholder categories are seen as the most important groups that deserve due consideration in the CSR engagements of a business (Ali, et al., 2010; Argandoña & von Weltzien Hoivik, 2009; Ward, 2004; Werther & Chandler, 2010).

**CSR sources (drivers)**

In assessing why the companies undertake CSR in the local context (research question 2), certain themes were developed based on theory /themes that help assess why the case companies undertake CSR. In doing so, it attempts to explore the situation from the various perspectives (CSR sources/drivers) identified in the theoretical foundation: CSR and Marketing (The Business case for CSR), CSR and Governance, CSR and Company Values, CSR and Public Pressures & Expectations, CSR and The Law, CSR and Stakeholders (both
internal stakeholders and external stakeholders). A brief description about each of them is given below.

With respect to CSR and Marketing (the business case for CSR), the focus is on the motivation and influences to CSR from the perspective of the business case for CSR. It is concerned with assessing the motivation for businesses in the given context to undertake or engage in CSR from this angle. In other words, it inquires why the case companies under the study engage in CSR from the perspective of marketing (business case for CSR).

The CSR and Governance aspect deals with the link between corporate governance and CSR in the case companies. It seeks to explore whether CSR is incorporated in the corporate governance structure of the cases under the study, and assesses whether the governance mechanisms serve as a CSR source.

Regarding the issue of CSR and Company Values, the effort is to capture the existing CSR-related values in the case companies. Accordingly, the interview questions focused on exploring the integration of ethical values in the case companies’ management decision and discovering what societal and ethical obligations they are discharging to build a better society by assuming responsibilities that go beyond limited legal and economic obligations. The aim is to investigate whether company values are part of the companies’ CSR sources.

The theme of CSR and Public Pressure & Expectations endeavors to uncover the pressures upon the cases from various groups for (more) CSR commitments. This helps examine whether there are explicit or implicit demands from various groups such as NGOs, trade unions, media, and activist groups for more CSR initiatives in the local context. In addition to such local pressures, the study also assesses whether the companies observe and strive to apply international CSR tools and initiatives, which can be another source for CSR.

Next, the CSR and the Law aspect focuses on whether there is an effective law (domestic regulation) in the study context that requires businesses to perform some form of CSR. The goal is to investigate whether there is such a regulatory requirement in the study setting to comply with.

Eventually, the CSR and Stakeholders aspect tries to capture the picture about why the case companies engage in CSR from the viewpoint of a business’s responsibility to stakeholders. It focuses on examining the influence of the main stakeholders of the companies on their
CSR initiatives. The aim is to investigate whether stakeholders are sources of CSR in the study context.

**Benefits and barriers of implementing CSR**
This section comprises questions that relate to the benefits and barriers that the companies are facing while implementing CSR in that particular context. This is in light of the third research question of the study: What are the benefits and barriers of implementing CSR practices in the local context? Guided interview questions were used to identify the benefits and barriers that the companies face in implementing CSR in the local context.

**Global versus local CSR**
Global versus Local CSR is the final topic that is developed to capture the realities of how the international companies operating in the local context implement their international CSR strategies (and ambitions). This is in line with the final research question of the study – how are the international CSR strategies (and ambitions) of the international companies implemented in the local context? Guided interviews were used asking the company managers whether they apply a centralized or decentralized approach to implement their international CSR strategies.

**5.4.4. Sampling method**
Although case study research is not a sampling research (Tellis, 1997), at this point it is necessary to outline how the interviewees have been chosen from the identified categories. In view of this, the sampling method that was used in this research is purposive sampling. Purposive sampling is referred to as judgmental sampling since it involves the researcher making a decision about who or what study units will be involved in the study. The researcher uses a priori knowledge to determine who or which study units are the most appropriate for inclusion in the study based on the potential study units, knowledge bases or closeness of fit criteria associated with the study’s focus (Jennings, 2001). Thus, this research employed purposive sampling in collecting data from respondents who are knowledgeable enough about the subject of the study. In terms of the size of the sample, as “guidelines for determining nonprobabilistic sample sizes are virtually nonexistent, purposive samples are the most commonly used form of nonprobabilistic sampling, and their size typically relies on the concept of ‘saturation,’” or the point at which no new information are observed in the
data” (Guest, Bunce, & Johnson, 2006, p. 1). Judged against this criterion, the numbers of respondents in this research (see table 19), were sufficient for all the subcategories discerned.

5.5. Data Analysis

Dey stated that “analysis is a process of resolving data into its constituent components to reveal its characteristic elements and structure and the aim is not just to describe the objects or events to which our data refers. We want to do more than describing: we want to interpret, to explain, to understand—perhaps even to predict; and the core of qualitative analysis lies in these related processes of describing the phenomena, classifying it, and seeing how our concepts interconnect” (2003, p. 31). In this study, the gathered data was analyzed qualitatively. Strauss and Corbin stated that “qualitative methods of data gathering and analysis have gained popularity over the years” (1990, p. 8), and qualitative approach tends to collect rich information about relatively few research units rather than limited information for a large number of research units (Jennings, 2001). The analysis objectives include describing individual experiences, describing variation, and describing and explaining relationships (Creswell, 2007). That is the analysis takes the form of “the multiple version of the classic single case, whereby the multiple case report contains multiple narratives, presented as separate chapters or sections about each of the cases singly. That is in addition to the individual case narratives, the report also contains a chapter covering the cross case analysis and results,” (Yin, 2003b, p. 147). Accordingly, this study is an empirical research based on qualitative data, gathered mainly through interviews. As such the specific goal of the analysis of the data is to produce answers to the research questions raised in the study. Therefore, in conducting the comparative (cross case) analysis of the case studies, qualitative tables are used and those tables that contain textual data based on a uniform approach are the convenient way to display the text from across the whole dataset in a way that makes systematic comparison easier (Gibbs, 2008; Yin, 2003b).

Similarly, Maxwell and Chimel (2013) suggest that for qualitative data analysis in general, substantive theories obviously have important implications for analysis, including the coding categories that the researcher creates (for example for research question 2 of this study, there is further elaboration of how the analysis will be done in the next section) and the identification of segments of data to which analytic procedures will be applied (for example for research questions 1, 3, and 4). In essence, the analysis of this research reveals topics that
are identified in the theoretical foundations including CSR practices, CSR drivers, benefits and barriers of CSR, and global versus local CSR. This is based on the notion that the way to analyze qualitative data is through the development of theoretical foundations, which may be formulated before, during or after the data collection (Saunders, Lewis, & Thornhill, 2011). In displaying the captured data in relation to the CSR practices of the case companies, it was categorized into those topics that are the integral parts of the theoretical foundations. Thus, the categorization was performed in a matrix format using Excel spreadsheet as a starting point (particularly to facilitate the analysis of the data that relates to research question 1, 3, and 4). While one dimension of the matrix was for the CSR topics identified above; the other dimension of the matrix was for the interview responses. In line with this argument, methodologists suggest that “deciding on and generating the format for displaying qualitative data are important first steps. Your template is a visual outline, of sorts, for the data to be filled in,” (Miles, Huberman, & Saldaña, 2013, p. 109). It is also indicated that the matrix method is useful to “display data in a condensed, organized format” as a starting point (Weitzman, 2000, p. 806). The following paragraphs describe the analysis approach per research question.

5.5.1. Analysis procedure per research question
Before explaining how the analysis procedure will be executed for each research question, it is worth introducing here that the analysis of the results will take two separate forms, one category (analysis of research question 2- Why are the companies doing CSR?) that will undergo coding (selective coding) because the research identified a priori theory-driven themes for this particular research question, and another category of research questions that do not undergo coding (research question 1- What CSR practices do the selected breweries undertake?; research question 3 - What are the benefits and barriers of implementing CSR in the local context?; and research question 4 - How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?). In addition to the justifications provided below while discussing the analysis approach per research question, Braun and Clarke (2006, p. 18) assert that a researcher’s choice to code “will also depend on whether you are aiming to code the content of the entire data set, or whether you are coding to identify particular (and possibly limited) features of the data set.” Cassell and Symon (2004, p. 272) also assert that it is up to qualitative researchers “to make a decision about whether to code all data or not.” Next is the elaboration of analysis procedures for
research question 1, research question 3, and research question 4; that will be followed by elaboration of the analysis procedure for research question 2.

**Research Question 1: What CSR practices do the selected breweries undertake?**

For research question 1, which inquires what types of CSR practices the case companies are undertaking, the study reports the findings by describing the types of CSR practices that the companies are performing for their respective stakeholder groups. Fortunately, there is congruence between major stakeholder groups that are identified in the theoretical foundations and those stakeholder groups that the managers of the case companies identified in planning and executing their respective CSR initiatives in the local context. Thus, the findings for this particular research question are presented by matching/linking the CSR practices that the companies perform to those identified major stakeholder groups: shareholders, employees, local community, customers, suppliers/farmers, and the environment (Ali, Rehman, Ali, Yousaf, & Zia, 2010; Argandoña & von Weltzien Hoivik, 2009; Ward, 2004; Werther & Chandler, 2010). In addition, as the thesis had a premise that CSR practices in the developing world may be different and context specific (Frynas, 2006) and CSR can have different faces in different societal contexts (Dobers & Halme, 2009) (see section 1.8. for detail), the most plausible approach of disclosing the result regarding the types of CSR practices that the case companies undertake is the way it is stated by the managers by describing, interpreting, and comparing the results in a narrative way. The company managers happened to be very much aware of each and every type of CSR practices that their respective companies undertake, and they clearly disclosed the CSR practices that they undertake for each stakeholder group. Further, the CSR practices that the companies perform are mostly diverse and unrelated, which makes grouping various CSR practices under a specific banner difficult. Thus, the most reasonable approach is to categorize those CSR practices per stakeholder group. (The analysis results for research question 1 are presented both in the individual case studies shown in Appendix 7 and the comparison of case studies, which is available in Chapter 7.)
**Research Question 3 - What are the benefits and barriers of implementing CSR in the local context?**

For research question 3, which inquires what are the benefits and barriers of implementing CSR in the local context, the managers were asked an open question to identify the benefits that their respective companies get from implementing CSR in the local context and the challenges (barriers) that they have been faced with in doing so. Particularly, with respect to the barriers to CSR, the thesis had the premise that the barriers/challenges of implementing CSR in the context of the developing world could be unique (see section 1.8). In other words, it was indicated earlier that in terms of investigating the barriers of implementing CSR in the local context, it is believed that the study setting may have its own peculiarities. On top of that, it is noted that “the challenges faced in the pursuit of CSR in a developing country context have not been accorded enough attention in the CSR literature” (Jamali & Mirshak, 2007, p. 244). Thus, the findings of the study with respect to this question will be presented by describing, interpreting, and comparing results in a narrative way with respect to those benefits and barriers as directly stated by the company managers. The managers produced straightforward answers regarding what the benefits and barriers of implementing CSR in the local setting are, indicating that they are very much aware of both the benefits and barriers of implementing CSR in the local context thus far. They provided straightforward answers by singling out both the benefits and barriers of implementing CSR in the local setting for their respective companies.

**Research Question 4 - How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?**

For research question 4, which explores how the companies (MNCs) implement their international CSR strategies and ambitions, the managers were asked whether they apply a centralized or decentralized approach (using a guided interview question developed based on the notion of global vs. local CSR approaches as a way to CSR adoption), and they provided a straightforward answer to this question. Thus, the result of the study reports the findings with respect to these questions exactly the way it is answered by the managers by describing, interpreting, and comparing it.

Overall, the analysis approach for research question 1, research question 3, and research question 4 will be by way of describing, interpreting, and comparing the results. That is, the
findings with respect to these questions will be analyzed in a descriptive and narrative style. The description phase of the analysis builds the foundation for the interpretive phases when meanings are extracted from the data and comparisons and conclusions are drawn (Patton, 2002). Qualitative tables are used in making comparisons of results. As indicated earlier, in conducting the comparative (cross case) analysis of the case studies, qualitative tables are used and those tables that contain textual data based on a uniform approach are the convenient way to display the text from across the whole dataset in a way that makes systematic comparison easier (Gibbs, 2008; Yin, 2003b). In other words, the analysis mode for these particular questions will be to present information systematically in a way that permits careful comparisons and detection of similarities and differences, and to then draw interim conclusions with regard to the research question in focus (Miles, Huberman, & Saldaña, 2013), using a narrative approach (narrative form of organization studies), which is a common approach in case studies research (Czarniawska, 1997, p. 14). Moreover, Gillham (2000, p. 22) asserted that “the basic way of presenting a case study report is a narrative, and the case study researcher, who is seeking to recreate the context and sequence of evidence in a way that enables the reader to see and understand the meaning of what is recounted, has to use a more overtly narrative format.”

**Research Question 2 - Why are the companies doing CSR?**

Whereas for research question 2, which inquires about why the companies perform CSR, the analysis procedure employs (selective) coding to see whether the reasons that the managers expressed to have been undertaking CSR in the local context corresponds to or lies outside the themes (CSR drivers) that the study identified in the theoretical foundations, thematic analysis is not necessarily wed to any pre-existing theoretical framework, and so it can be used within different theoretical frameworks and used to do different things within them (Braun & Clarke, 2006, p. 9). In the theoretical foundations, the identified CSR drivers are (a) CSR and the business case (marketing), (b) CSR and company values, (c) CSR and governance, (d) CSR and the law, (e) CSR and public pressures and expectations, and (f) CSR and stakeholders. In line with this, Braun and Clarke (2006, p. 18) further noted that “coding will to some extent depend on whether the themes are more ‘data-driven’ or ‘theory-driven’ – in the former, the themes will depend on the data, but in the latter, you might approach the data with specific questions in mind that you wish to code around.” In the case of this research question, the themes are more theory-driven, and as such the coding is done
keeping in mind the second research question (that seeks to explore why the companies undertake CSR) along with the a priori themes identified in this regard.

In fact, Braun and Clarke (2006) clearly asserted that qualitative analysis is done with flexibility but with the goal of answering the research questions, and they have also argued that there is no hard and fast answer to determine how much evidence one’s data should include to form a theme; they assert that it depends on the researcher’s judgment to determine what is or belongs to a theme and rigid rules do not seem to work. They add that “the ‘keyness’ of a theme is not necessarily dependent on quantifiable measures – but in terms of whether it captures something important in relation to the overall research question” (Braun & Clarke, 2006, p. 10).

In view of the second research question of the study (why do the selected companies undertake CSR in the local context?), a variety of answers were provided by the company managers. Then following the procedure suggested by Ellram (1996), a selective coding process was utilized to integrate the findings (concepts/interview responses) into “a cohesive whole” - the CSR drivers which are identified in the theoretical foundations or to examine whether it leads to a different perspective. This is in line with what Moghaddam (2006, p. 62) proposed that “through selective coding the categories are integrated and developed into the theory.” The coding was done manually by writing notes on the interview texts being analyzed (Braun & Clarke, 2006), and emerging themes were fit to the existing theory-driven themes that were guiding the study (Bluhm, Harman, Lee, & Mitchell, 2011, p. 11), while still staying open to any result that falls outside the themes developed in the theoretical foundations. Butterfield, Borgen, Maglio, and Amundson (2009, p. 273) assert that “the minimum participation rate needed to form a viable category is whether 25% of participants identified incidents that fit into a particular category.” In doing so, the theoretical saturation signified iteration between data, concepts and themes ended (Cassell & Symon, 2004). Further, in applying this analysis procedure, it is usually necessary to present the story line/map (Vaismoradi, Turunen, & Bondas, 2013). Accordingly, the story map for this part of the analysis is shown in Appendix 8. This is also in line with Braun and Clarke’s (2006) viewpoint that it is important to exhibit how the analysis is done, and it enhances “the objectivity of coding processes” (Hannah & Lautsch, 2010, p. 17). Appendix 8 displays this story map, whereby to the left of the story map is the list of the responses (concepts) that the interviewees/the managers provided with respect to the question of why their respective
companies undertake CSR, and at the right corner of the story map are the CSR drivers that have been identified in the theoretical foundations (theory-driven themes). The results of this analysis are provided in the comparative analysis chapter (Chapter 7) and in the individual case studies (Appendix 7).

Overall, this multiple case studies research undertakes a narrative analysis, which is one of the most established ways of doing qualitative research (Savenye & Robinson, 1996). It will make use of rich descriptions and narratives as well as the actual quotes of the participants to explain the findings. This is in line with the notion that “narrative analysis as a research tool has become increasingly useful in organizational studies and the method is useful in the analysis of interview data” (Easterby-Smith, et al., 2008, p. 182). Similarly, Feldman, Sköldberg, Brown, and Horner (2004, p. 147) assert that “considerable scholarship in the field of organizations and management has recognized the importance of the narrative lens.” After all, according to these authors, in most qualitative studies, “we are likely to find our research informants providing us with information by means of narrative,” (p. 148); this itself facilitates making use of narrative analysis as the information provided in the narrative is valuable (Feldman, Sköldberg, Brown, & Horner, 2004). In connection, Smith (2000) stated that narrative analysis permits a holistic approach by preserving context and particularity as “narratives yield information that may not be available by other methods” (p. 328). The author also suggested that in applying narrative analysis “the researcher may decide to use one or more existing analysis systems, adapt an existing system, or develop a new one,” (p. 331). To be precise, Feldman, Sköldberg, Brown, and Horner (2004) assert that there are lots of different ways to perform narrative analysis as there is no one definitive way to practice narrative analysis. This is also in line with what Georgakopoulou (2006) suggested that narrative research is often described as a rich and diverse enterprise. Further, Riessman (2005) shared that several typologies of narrative analysis exist; as such different approaches can be combined in performing narrative analysis. The author indicated that narrative analysis can also be applied in thematic analysis, in which “narratives are grouped into a similar thematic category” (p. 3), noting that central to the notion of thematic analysis is to identify all data that relate to the already classified patterns in order to then combine and catalogue related patterns into themes obtained from or supported by literature (Aronson, 1995). In brief, as cited in Franzosi (1998, p. 517), Barthes (1977) stated that “narrative is international, transhistorical, transcultural: it is simply there, like life itself...,” and case study researches too can be very qualitative and narrative in form (Kaarbo & Beasley, 1999).
5.6. Ethics (Interview) Protocol

Nind (2009) suggested that a primary feature of ethics protocols in qualitative research is the quality of the relationship between researcher and participants; and central to any ethics protocol and the start of any project is the need for informed consent. That is also accompanied by protecting the anonymity of research participants, which is a fundamental ethical principle in qualitative research. In view of this, the participants of the interview process provided their responses based on their free and informed consent. The respondents participated in the interview willingly, but requested anonymity and confidentiality of the information that they provided. Further, Meyer asserted that “when relying on interviews as the primary data collection method, the issue of building trust between the researcher and the interviewees becomes very important (2001, p. 336). Moreover, the nature of the interactions between the interviewer and the interviewees in qualitative research impacts the quality of the data to be captured (Partington, 2001). Subsequently, in this study all information collected is treated strictly confidential, and will solely be used for the PhD dissertation. Real names of the cases/companies and all respondents will never be used in any subsequent reports and all data are analyzed anonymously. The study results have controversial topics such as on issues of the management of employees and interactions that the case companies have with the local community and the environment. Additionally, the companies and all the respondents have participated in this study based on the promises of absolute anonymity. According to Yin, anonymity is necessary when “the case study has been on a controversial topic, in this case anonymity protect the real case and its real participants or if the issuance of the final case report may affect the subsequent actions of those that were studied” (Yin, 2003b, p. 158).
5.7. Chapter Summary

This chapter presented the research methodology and methods that this study utilized. In terms of its methodological approach, this study adopted a qualitative study, with multiple case studies as an inquiry approach. It was indicated that a qualitative study is an appropriate approach in organization and management research such as this one. More specifically, this specific chapter outlined the research design and methods of the study by highlighting the data collection and analysis approaches. In so doing, this chapter portrayed the data collection process involving the data sources, the interview instrument, procedure in data collection along with describing the respondents’ category and topics for data capturing. Explanations are also provided pertaining to sampling methods, ethics (interview) protocol, explanation and motivation of the cases, and elaboration of the steps that were utilized in analyzing the interview data with the goal of answering the research questions of the study.

Overall, to understand the phenomenon, besides the interviews with distinct groups of respondents, all available additional documents and archival records of the case organizations that relate to CSR are used along with observation for the interest of triangulation in data collection. The documentation data consisted of corporate websites and brochures of the organizations. These secondary data are needed to develop a balanced understanding of the organizations’ strategy on CSR. Observational data came from observations of CSR-related practices of the companies under consideration. Generally, this research is based on a vision to understand the CSR practices of companies in the chosen LDC context.
CHAPTER 6: COMPANIES’ DOCUMENTS REVIEW

6.1. Overview

This chapter provides a review of the available information from online and print documents (all are public information) of the companies under investigation. The goal is to highlight the CSR ambitions of the companies in international or local level, their governance approaches for CSR, policies and codes that relate to CSR, and the CSR focus areas and priorities of the companies. Thus, the companies’ documents review will assist in the analysis part of the study to compare what is contained in the documents with the interview responses generated with the company managers, employees and pertinent stakeholders pertaining to the implementation of CSR in the local setting. More so, the companies’ documents review highlights the international CSR strategies, CSR policies, and CSR areas of the companies under the study. This will particularly be useful in providing background information in order to provide answer to the fourth research question of the study, which is – how are the international CSR strategies (and ambitions) of the international companies implemented in the local context?

In other words, this chapter provides a document review on the CSR profiles, policies, values and programs of the case companies under the study. The document analysis helps inform us about the strategies the companies apply (the business case), the governance mechanisms they implement, the values they promote, and underline the accountability tools that the companies employ to their stakeholders. This information is based on desk research in which the data is mainly collected from the companies’ websites and archives. In fact, availability/lack of document-based information affects the extent to which the documents-based data are presented elaborately. While one of the case companies has ample document-based data at disposal (Case #3), the others (Case #1 and Case #2) have relatively less information to reveal. At the same time, in presenting this review, utmost effort is exerted to keep balance between retaining the context and protecting the identity of the case companies under investigation.
6.2. Case #1

6.2.1. CSR profile
Based on the information obtained from the company’s website, this case company prides itself for being a responsible company that is committed to the notion of CSR. It claims that it has a strong attachment to the communities and territories it operates. It maintains that it gives due consideration to the environment and the society wherever it operates. It is noted that CSR is considered as part of the company’s major strategic approaches because the company accepts the idea that doing so is a requirement in the modern day business world, not only because CSR is an instrument to create shared value, but also societies expect businesses to have CSR commitment. In brief, this company’s CSR areas at global level focus on waste management, protecting the environment & preserving bio-diversity, carbon foot print control by reducing its reliance on fossil fuels, reducing energy consumption, improving water efficiency, reusing packages/sustainable packaging and recycling waste, and ensuring workplace health, safety and wellbeing.

6.2.2. Company strategies
This company maintains that the society expects businesses to have commitments to work in a responsible way environmentally, socially and economically. It is outlined in the company’s website that from an environmental point of view, the society expects businesses to undertake environmentally responsible practices in its supply chain to ensure sustainability. Secondly, from a social point of view, it is explained that the society expects businesses to be a positive impact to the society by engaging in community centered practices to support and empower communities. And finally, from an economic point of view, it is disclosed that the society expects to see the creation of collective wealth by way of creating shared value to grow with communities together. Accordingly, the company considers environmental protection, sustainability and empowering communities as its CSR priorities and these are integrated in the corporate strategies of the company.

6.2.3. Governance (CSR and governance)
This company claims that it has implemented a proactive sustainable development strategy, which is used as part of the governance mechanisms of the company to address environmental and social responsibilities. It is expressed that this strategy focuses minimizing the negative environmental and social impact of the company’s operations. Moreover, it is described that this strategy is supposed to be implemented by all of the company’s
subsidiaries with the goal to promote sustainable development. Accordingly, it is expressed that this governance (and strategy) mechanism focuses mainly on reducing the environmental impact of the company’s operations (a consideration to the environment), developing employees and ensuring workplace health and safety (social), and ensuring survival and profitability (economic).

6.2.4. Values (CSR and values)
In terms of values, it is noted that a commitment to address environmental and social problems in the areas that the company operates is considered as its prime CSR value. In view of this, it is stated that the company works towards applying new ideas and demonstrates social and environmental responsibility wherever it operates. Moreover, the company claims that for the interest of sustainability, it endeavors to improve the efficiency of its production process, minimize cost and chooses to work closely with stakeholders.

6.2.5. Membership of codes and charters
It is disclosed in the company’s documents that the company has relevant ISO certifications for quality management system and environmental management standard. And the company claims that these are some of the proofs showing that the company maintains commitment to quality and environment protection. Generally, the company has several accreditations, for example- ISO 9001, ISO 9002 and ISO 14001.

6.2.6. Codes, policies, and standards
This study could not find codes of conduct or policies in the company’s documents. However, in the interviews conducted with the managers in the local subsidiary, the managers stated that they have codes of conduct, but were unable to disclose a written document on the company’s code of conduct. The managers insisted that not everything has to be in a written form; stating that most of the company’s codes are implicitly understood.

6.2.7. CSR and stakeholders
With respect to stakeholders’ management, the company claims that it is highly committed to work closely with its stakeholders in all territories it operates. It is stated that collaboration with stakeholders is an important company-wide consideration to achieve sustainability. And in light of this, the company upholds that all stakeholders in the value chain need to collaborate and have to understand that everyone involved has an obligation to work towards achieving sustainability.
6.3. Case #2

6.3.1. CSR profile
The company under Case #2 claims that it partakes in various activities as part of its social responsibility to the society. The principal aim of the company is meeting the customer requirements for quality product and to offer customers more choice in the market without affecting the environment. Thus, the company insists that it is highly committed to waste reduction, waste management and satisfying customer need and expectations. Moreover, as disclosed in the company’s online documents, the most important CSR activities of the company focus on environment protection, supporting smallholder farmers to source sustainably, extending support to communities (supporting disadvantaged students), supporting youth clubs and youth associations, sponsoring sport (sponsoring football clubs and sporting events), and provided financial contribution to infrastructure development in the areas it operates.

6.3.2. Company strategies
The company’s documents show that its ISO 9001 and ISO 14001 certifications are its passports for the global market. It is explained that its ISO 9001 (Quality Management System) certification has earned the company customer confidence. Accordingly, it is noted that the company strives to improve effectiveness in quality management in order to ensure customer satisfaction by monitoring the requirements and expectations of customers. Moreover, the company’s ISO 14001 (Environmental Management System) certification enables the company to devise policies and objectives to reduce the environmental foot print of the company. Further, it is noted that the company is committed to reduce cost, develop its employees, and ensure workplace health and safety.

6.3.3. Governance (CSR and governance)
There are two aspects contained in the governance aspect, which the company calls it its “management systems”: environmental management system and quality management system of the company. The environmental management system stresses its ISO 14001 certification has enabled the company to formulate a policy and objectives by taking in to account regulatory requirements and information on activities with significant environmental impacts. Meanwhile, the quality management system holds that the company strives to satisfy customer’s requirements as well as statutory and regulatory requirements consistently and continuously. These are considered as the most vital concerns in the company. It also claims
that it implements appropriate quality management system to produce and deliver products that could be preferred by customers with respect to price and quality. Moreover, it is maintained that eyeing the effective and efficient implementation of the quality policy as top priority, the management of the company works vigorously to ensure continual improvement by monitoring company-wide initiatives.

6.3.4. Values (CSR and values)
The company’s documents indicate that the major values of the company include ensuring accountability and transparency; commitment to social development; commitment to highest standards of ethical behavior as well as dedication to innovation and best practices by collaborating with stakeholders.

6.3.5. Membership of codes and charters
With its ISO 9001 registration the company claims to assure that its customers will benefit from its quality product and service and with its ISO 14001 registrations the company states that it assures its customers that the environment is not adversely affected by its business. The company asserts that it has found ISO 14001 as an effective environmental management system, which can be integrated with quality management system requirements to assist organizations to achieve environmental and economic goals.

6.3.6. Codes, policies, and standards
In line with this topic, this case company still points to the benefits that the company obtained by implementing the environmental management system. The company maintains the following as the benefits of environmental management system in defining its policy areas and compliance ambitions in a form of code of conduct: define the company policy with regard to environmental issues, prevent pollution by controlling its wastes, complying with relevant environmental regulations that the company subscribes, clearly define the management’s commitment and responsibility on environmental issues, control the company’s different activities in an environmental friendly manner, plan environmental objectives and targets and work towards ensuring their implementation, and develop different strategies to efficiently use raw materials and natural resources.

6.3.7. Stakeholders (CSR and stakeholders)
No information is available on the company’s website about the way it deals with stakeholders. However, the interview data with the company’s managers indicates that the
company has two groups of stakeholders, which are direct and indirect stakeholders. While customers, the local communities (and the environment), farmers, shareholders (owner) and sister companies are part of the direct stakeholders, the indirect stakeholders include financial institutions such as banks, tax authorities, and other government institutions and NGOs. In connection, it is unveiled that the company gives priority to its customers and the local community.
6.4. Case #3

6.4.1. CSR profile
As described in the company’s website documentation, CSR is considered as one of the company’s strategic priorities. Accordingly, the CSR priority areas of this company include promoting responsible consumption; protecting water, reducing carbon emissions, waste management; supporting local communities; ensuring workplace safety and health to employees; and sourcing sustainably from local sources.

6.4.2. Company strategies
The company’s documents indicate that CSR is at the heart of all of its corporate business strategies. More specifically, the company’s strategy focuses on bringing about a positive impact on stakeholders. It is noted that the company aspires to achieve this by attending the interests of its stakeholders and executing responsible business practices.

6.4.3. Governance (CSR and governance)
It is described that CSR is an essential part of the company’s success, and thus the company claims that its overall CSR strategy is embedded at both global and local levels. Moreover, it is disclosed in the company’s documents that the company’s global management team as well as management teams in the local levels have the responsibility to implement and monitor CSR initiatives and CSR is part of the regular management agenda in both global and local levels. Besides, it is learnt that the company has several codes of conduct and policies that relate to CSR. The codes and policies, among others, include policies that promote responsible consumption, protecting water resources and the environment, acknowledge and respect employees and human rights, and ensuring workplace health and safety.

6.4.4. Values (CSR and values)
The review of the company’s documents indicates that its values are the fundamental guideline behind every business activities of the company. The company values are deemed to be shared by the members of the company at global and local levels. Accordingly, the major values of the company include fairness and honesty; due regard to employees, communities, and environment; and collaborating with stakeholders.
6.4.5. Membership of codes and charters
In terms of membership of codes and charters, it was discovered in the company’s online documents that this company is a signatory to a number of international organizations, including the UN Global Compact and CEO Water Mandate.

6.4.6. Codes, policies, and standards
The company’s documents indicate that the company has several code and policies that are designed to provide guidance to the members of the company in decision-making and in meeting legal requirements. It is stated that the company’s code of business conduct is the foundation not only in informing employees about acceptable standards and behavior but also is the foundation for all other company-wide policies and standards. The code is claimed to provide guidance on a number of areas such as those that promote fairness in competition and marketing activities, and ensuring workplace health and safety as well as transparency.

6.4.7. Stakeholders (CSR and stakeholders)
With respect to stakeholders’ engagement, it was learned from the documents of the company that the company is committed to serve stakeholders’ expectations both at global and local level. The company claims that its stakeholders are vital in its CSR engagements. In general, the company considers everyone that is influenced by its business operation and vice versa as the stakeholders of the company.
6.5. Chapter Summary
This particular chapter presented important information from the case companies’ documents pertaining to the CSR strategies and ambitions at the headquarters level. The chapter mainly outlined the CSR priority areas of the companies, their CSR strategies, their governance approaches for CSR, their CSR values, available policies and codes that are associated with CSR, and the companies’ CSR approaches to stakeholders. This document review is useful, particularly, in identifying the CSR ambitions of the companies at the headquarters. This serves as a background information in the analysis of the research, particularly, to provide answer to the fourth research question of the study – how are the international CSR strategies (and ambitions) of the international companies implemented in the local context? In other words, the international CSR strategies, CSR policies, and CSR areas of the companies highlighted here are particularly important in further assessment of how are the international CSR strategies (and ambitions) of the international companies (MNCs) are implemented in the LDC context? (See the analysis results in the individual case studies in Appendix 7 and in the comparative analysis in Chapter 7).
PART 3: COMPARATIVE ANALYSIS, CONCLUSIONS AND DISCUSSION
CHAPTER 7: COMPARATIVE ANALYSIS

7.1. Overview
This chapter contains a comparative analysis across the cases. Following the analysis modality outlined in the methodology chapter of this study (Chapter 5, section 5.5), while portraying the single case studies presented in Appendix 7, this study provided a thorough analysis of the views of the respondents mainly generated through guided interviews by describing each case singly. In order to complete the adopted analysis cycle in the comparative case studies approach, this chapter presents the comparative case studies (a cross-case analysis). As explained in the methodology chapter, a typical format in which the comparison of the case studies is presented is first to provide a detailed description of each case and the findings within the case. This is called a “within case analysis” (this is done for each of the case companies separately, see Appendix 7). The “within case” analysis needs to be followed by a comparative analysis across the cases, called a “cross-case analysis” (Creswell, 2007; Herriott & Firestone, 1983; Yin, 2003b).

In this Chapter, a comparative analysis across the cases is performed. This comparative analysis chapter represents the final layer of the analysis – Level III of the analysis – which aims to integrate all the analyses provided in the previous two levels (Level I and Level II, available in Appendix 7) in order to be able to answer the central research question of this study. In addition to the single case study results outlined separately (see Appendix 7), this comparative analysis across the cases will also rely on additional sources of information, i.e. results of the interviews with external stakeholders (see Appendix 9), information from the companies’ documents review (Chapter 6), and the information presented on the institutional and legislative context in Ethiopia (Chapter 2) along with the literature review (Chapter 3) and the theoretical part (Chapter 4) of this study.

For the interest of recollection, the central research question and the sub-questions of this study are:

Central question:

What are the factors enabling and/or preventing the adoption of CSR practices and principles by (international) companies operating in an LDC context?

Sub questions:
1. What CSR practices do the selected breweries undertake?

2. Why are they doing it?

3. What are the benefits and barriers of implementing CSR in the local context?

4. How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?

In doing so, this chapter presents a comparative analysis on the following specific topics based on the research questions of this study: how CSR is understood by the operating companies in the local context; CSR activities the companies undertake; why the companies undertake CSR activities; benefits and barriers of implementing CSR in the local context; and implementation of international CSR ambitions and goals in the local context. The comparative analysis uses a tabular format to illustrate the comparison of the findings/results across the cases, followed by a textual description.

7.2. How CSR is understood by the Case Companies

In order to cross compare the CSR understanding that prevails in each company/case in the local context, Table 21 illustrates the meaning of CSR given by the managers, who participated in this study. Accordingly, while the understanding of CSR in Case #1 and Case #2 is mainly based on the notion of giving back to the society and the environment by considering existing social and environmental concerns, the CSR perspective in Case #3 is predominantly based on achieving sustainability that benefits both the society and the company. Although the understanding of CSR in all the case companies is in line with the meaning of CSR given in literature, the company under Case #3 aligns its CSR engagement with sustainably running business.
### Cases vs. Meaning of CSR

<table>
<thead>
<tr>
<th>Cases</th>
<th>Meaning of CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case #1</td>
<td>Giving back to society by identifying and working towards alleviating social and environmental problems</td>
</tr>
<tr>
<td>Case #2</td>
<td>A duty in response to social and environmental concerns in the territories where the company operates</td>
</tr>
<tr>
<td>Case #3</td>
<td>Creating shared value, based on mutual benefits and mutual incentives</td>
</tr>
</tbody>
</table>

**Table 20: CSR Understanding of the Case Companies**

The interview results with the managers of Case #1 and Case #2 affirmed that they perform CSR mainly in response to societal and environmental considerations, even though the economic benefits of CSR come along with it. This is in line with the CSR responsibility of businesses “to accomplish social and environmental benefits alongside the conventional economic gains which the firm seeks” (Davis, 1973, p. 312). Somehow more strategic, in Case #3, CSR is designed as part of the company’s business strategy, and this approach is in line with what is described in CSR literature that CSR can also be designed as part of firms’ competitive strategies and that CSR as a strategy can give firms a competitive edge (Zadek, 2004). In other words, when CSR is treated as an integral part of a company’s competitive strategy, it can improve the competitive context and the success of a business (Porter & Kramer, 2011; Van de Ven & Jeurissen, 2005).

### 7.3. CSR Practices that the Case Companies Undertake: A Comparative Analysis

As thoroughly described in the single case studies, there are various types of CSR practices that the case companies are undertaking in the local context. However, the types of CSR activities and their levels of intensity vary from case company to case company. Table 22 and Table 23 display the various types of CSR practices that the case companies perform with regard to their shareholders/owners, employees, the local community, customers, farmers, and the environment. The information contained in the Tables facilitates a comparative analysis of the CSR engagements of the case companies. The description of the comparative analysis is given right under the tables.
<table>
<thead>
<tr>
<th>CSR Practices Regarding</th>
<th>Case #1</th>
<th>Case #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td>Ensuring transparency of communication with the owners; and supplying information whenever required</td>
<td>All information the shareholders require is made available promptly; and publishing financial reports for shareholders on a monthly basis</td>
</tr>
<tr>
<td>Employees</td>
<td>Health care coverage; round-the-clock health and accident insurance; solidarity fund to cover medical expenses of critical illnesses of employees for treatment abroad; inflation adjustment payment; annual bonus; occupational health and safety standards; supporting retired employees financially to do business/run beer outlets; training and education opportunities with promising career opportunities; supporting and strengthening the employee association; transportation service; socialization programs during holidays; holiday gifts and holiday money; and administering grievance handling procedures</td>
<td>Training and education opportunities; medical care coverage for all its employees and a limited amount of medical care coverage for the dependents of the employees; round-the-clock accident and life insurance coverage; annual bonus; occupational health and safety standards; interest free loans; incentive plans and commissions; catering services; free transportation; promising career development opportunities; supporting the employee association; and holiday gifts</td>
</tr>
<tr>
<td>Local communities</td>
<td>Employment opportunities for the locals; building few schools for the public; building clinics and health centers; participating in women empowerment projects; offering employment opportunities for and supporting disabled</td>
<td>Employment opportunities for the locals; supporting infrastructure development in the host town and beyond; industry-university linkages; erosion control activities; clean water supply projects; building houses for the poorest of the poor; taking care of orphans; implementing HIV prevention, care and support</td>
</tr>
</tbody>
</table>
### Customers

Providing training for agents and distributors; the creation of employment opportunities for thousands of people in the distribution line; ensuring hygienic practices by offering training to baristas/bartenders at major outlets; working closely with agents, distributors and major outlets to inspire responsible behavior; keeping the company open for public visits; truthful advertising; promoting responsible drinking through responsibility messages; ensuring that consumers get healthy beer that is free from sugar and has soluble alcohol opposed to high alcohols that are bad for the health of consumers; a feedback system with its consumers to serve them better; computerized cleaning to avoid human contact; promoting responsible drinking through advertising; and truthful advertising.

### Farmers

Arranging tours to farmer communities to meet farmers and hold dialogues and discussions to create awareness about HIV prevention and care; motivating farmers to improve productivity through the company’s “Country Fair” program; sponsoring and collaboration with local agricultural development research institute; engaging in community dialogue; financially contributing to development projects; building up the capacity of smallholder farmers to improve productivity and to create market access for the farmers; subsidizing the price of improved quality seeds; assigning agronomical experts that support the farmers; promoting and sponsoring sport, entertainment, social and cultural events; promoting and sponsoring art and art-related works; motivating farmers to improve productivity through the company’s “Country Fair” program; sponsoring and collaboration with local agricultural development research institute; engaging in community dialogue; financially contributing to development projects.
Part 3  Chapter 7: Comparative Analysis

<table>
<thead>
<tr>
<th>Environment</th>
<th>Farmers to improve productivity by distributing small farming tools to outstanding farmers; financially contributing to a local agricultural institute in order to support its research programs on improved quality barley seeds</th>
<th>Offering early prices to the barley growers; collecting the barley harvest from the farmers cooperatives using company vehicles</th>
</tr>
</thead>
</table>

| Germination and development of tree seedlings at an industrial scale to help support reforestation efforts at a national level; waste water treatment plants; treated waste water is used by local farmers for irrigation purposes; erosion control activities especially in the water catchment areas where the company sources its water; recycling water for cleaning purposes as part of its program to conserve water; carbon (CO₂) collection to reuse it as an ingredient in the production process; converts waste to other usages such as byproducts and residuals are used as cattle feed and fertilizer | Planting trees and participation in local green and clean initiatives; waste water treatment plants to treat waste water; using part of the waste as fertilizer for the local farmers/communities; collecting carbon (CO₂) to reuse it as an ingredient in the production process; and byproducts such as spent grain are used to feed cattle of the local community |

Table 21: CSR Practices of the Case Companies in the Local Context - Case #1 and Case #2
### CSR Practices regarding Case #3

| **Shareholders** | Publishing necessary information in annual financial and sustainability reports. Information is available online |
| **Employees** | Training opportunities; CSR-related training and courses; medical coverages; catering services; bonuses; transportation services; holiday gifts; intensive safety induction programs; and personal protective equipment |
| **Local communities** | Creating employment opportunities for locals; scholarship programs to support disadvantaged local students; road safety activities; projects to create access to clean water and sanitation facilities for vulnerable communities; financially contributing to development projects; educating the public about dangers of drunk driving; dialogues with the local community on issues of mutual interest; sponsoring social, cultural, sport, and entertainment events |
| **Customers** | Promoting responsible consumption through public responsibility messages; discouraging drunk driving; working closely with major outlets to educate their bartenders and servers not to serve alcohol to people who are underage; and taking measures to reduce the impact of its advertisements on children |
| **Farmers** | Facilitating access to credit to buy inputs; providing improved quality seeds, agronomical support, training and marketing advice; facilitating access to markets; offering premium prices, some transportation facilities and distributes packages |
### Environment

Waste water treatment plant to treat the waste water before it exits the brewery; collect carbon (CO$_2$) to reuse it in the production process; tree planting and cleaning activities; and byproducts such as spent grain are distributed to the local community for cattle feed

| Environment | Waste water treatment plant to treat the waste water before it exits the brewery; collect carbon (CO$_2$) to reuse it in the production process; tree planting and cleaning activities; and byproducts such as spent grain are distributed to the local community for cattle feed |

Table 22: CSR Practices of the Case Companies in the Local Context - Case #3
7.3.1. CSR and shareholders/owners
As indicated in Tables 22 and 23, all the managers of the case companies claim that they are committed to provide the necessary information to their respective shareholders/owners as part of their CSR activities. It is also noted that the companies strive to maintain transparent communication with their respective shareholders/owners. However, the communication strategies vary from case to case. While in Case #1, information is supposed to be made available whenever required by the owners, in Case #2, financial reports are provided to the shareholders on a monthly basis. Moreover, what is common in these two cases is that the companies do neither produce CSR reports nor do they provide online information containing financial and CSR reports, whereas the company in Case #3 publishes both financial and CSR/sustainability reports at global level. In addition, the latter case company also provides online information that relates to CSR.

According to CSR literature, a company is responsible to furnish its shareholders with necessary information such as through annual reports. In dealing with shareholders, a company is expected to provide honest information, making information available and ensure timely disclosure of information (Business Roundtable, 2012; Gifford, et al., 2010; Hong & Xiaoli, 2010).

7.3.2. CSR and employees
The case companies exhibit similar CSR practices towards their respective employees. Similar CSR practices include providing health care coverage and accident insurance, annual bonuses, holiday gifts, transportation services/allowances, training and education opportunities that involve paying for employees’ education/tuition and implementing occupational safety and health standards to ensure a safe and healthy working environment for employees. Regarding safety measures, employees of the companies in Case #3 asserted that the safety standards of their companies are the highest, i.e. these employees affirmed that the safety measures and standards are exceptionally high at their companies and that accidents are not tolerated at all. Employees of the companies in Case #1 and Case #2 revealed that, despite the improving safety standards, fatal accidents still occur at their respective companies.

Some case companies have set up unique CSR arrangements for their employees. For instance, in Case #1 such exceptional activities include: a solidarity fund (that is established to cover medical expenses in case of critical illnesses of employees, who have to travel to
foreign hospitals seeking medical treatment); inflation adjustment payment for employees when inflation occurs; support of retired employees financially to run beer outlets; support and strengthening of the employee association by working closely with the association and allowing the employee association to do business with the brewery; the distribution of holiday money to employees on holidays; and the administration of grievance handling procedures, which its employees mentioned is fair.

In Case #2, the case company provides, although it is limited, medical care coverage to the dependents of the employees, while the other case companies provide medical coverage only to their employees. In Case #2, the case company also grants interest free loans for employees and runs incentive plans and commissions. Despite the recent conflict between the management and the employee association concerning the delay to renew a collective bargaining agreement by the management, it was found that the company’s management maintained a positive relationship with the employee association.

The company in Case #3 is exceptional in that it provides CSR-related training and awareness creation programs for its employees. The employees who participated in the interviews affirmed that this company provides the best safety standards, and created a very safe and healthy working environment. The employees, who participated in the interviews, have highly admired the safety and health standards of their respective company. They have even indicated that one of the greatest achievements of the company after the acquisition by foreign parent company is the introduction of creditable safety and health standards and procedures. Moreover, the employees from Case #3 asserted that they receive regular training that relates to their work as well as training that focuses on awareness creation about CSR. However, there is some reservation from old blood employees of Case #3 that even though they receive ample training, the training programs are not sufficiently designed to prepare them for career development. It is retorted that training programs instead focus only on introducing the company’s values and codes to them. The participants indicated that this is the case because it is not in the best interest of promoting and developing the old blood employees. When it comes to providing catering services to employees, all the case companies except the company of Case #1 provide free catering services (e.g. free lunch and subsidized meals) for their respective employees.

In Case #1 and Case #2 the employees affirmed that there are better/promising career opportunities for employees and that the management supports the employee association. In
contrast, in Case #3 there are problems related to career development opportunities within the breweries due to the management’s divisive approach towards its employees. As explained earlier, there is a segregation of employees into two groups: (i) the old blood employees who used to work for the company since the pre-acquisition era; and (ii) the new blood employees, who are hired in the post-acquisition era. The study results show that the local operating company is more interested in supporting its new blood employees by offering them better career development opportunities than the old blood employees. In addition, in Case #3, the employees indicated that the local management systematically influences and manipulates the leaders of the employees’ association.

Overall, the results above indicate that there are various types of CSR practices that the companies perform with regard to their employees. While some of these practices are commonly shared among the case companies, others are dissimilar. The most common CSR practices towards employees in the brewery sector are providing health care coverage and accident insurance, annual bonuses, holiday gifts, transportation services/allowances, training and education opportunities that involve paying for employees’ education/tuition and implementing occupational safety and health standards to ensure a safe and healthy working environment for employees. These are important aspects of CSR commitments of companies addressing their employees (Bauman & Skitka, 2012; Buciuniene & Kazlauskaite, 2012; Porter & Kramer, 2006). However, other essential CSR practices addressing employees such as the right to association, avoiding discrimination, and employee participation in decisions and actions, including CSR-related matters (Collier & Esteban, 2007; Graafland, et al., 2004; Ruggie, 2008; Sen & Bhoattacharya, 2001), are not taken seriously across the board. It is only in Case #1 and Case #2 that there is, for the most part, a harmonious relationship between the local management of the company and the employee association. In Case #3, the management meddles with the association of its employees by manipulating the association’s leaders. Moreover, discrimination happens in various forms and shapes in all of the case companies, such as favoritism and personal bias (Case #1), nepotism and favoritism (Case #2), and segregation of employees into old blood and new blood employees (Case #3).

7.3.3. CSR and local communities
When it comes to CSR activities pertaining to the local community, the case companies are engaged in various but mostly dissimilar CSR activities. The common CSR activities that are undertaken by all the case companies for their respective communities are creating
employment opportunities for locals, engaging in community dialogues to be part of the solution that the communities encounter, sponsoring social, cultural, sport, and entertainment events, and financially contributing to development projects.

The companies in Case #2 and Case #3 initiated a similar CSR initiative regarding the local community, which is designed to provide access to clean water. Moreover, all companies except the company of Case #3 participate in health care service development activities. The company in Case #3 is the only company that works on providing sanitation facilities to vulnerable communities who reside both in the local area that it operates as well as further away in other rural and urban areas. The company in Case #2 engages in industry-university partnerships to support research and development activities.

Apart from the abovementioned activities, each company performs distinct CSR activities with regard to their respective local communities. The company in Case #1 performs activities such as building public schools, participating in women empowerment projects, supporting persons with disabilities and providing employment opportunities for disabled persons, extending support to street children, and promoting and sponsoring art and art-related works. Similarly, the company in Case #2 engages in distinct CSR activities with regard to the local community that involves supporting infrastructure development, erosion control activities, building houses for the poorest of the poor, taking care of orphans, and it runs HIV prevention, care and support programs. Finally, the company in Case #3 administers scholarship programs to assist disadvantaged local students, works on road safety activities in the local areas that it operates, runs projects to create access to clean water and sanitation facilities for vulnerable communities, and educates the public about the dangers of drunk driving.

Thus, the results above indicate that there are a range of community focused CSR practices that are undertaken by the companies. The most commonly performed activities are creating employment opportunities for locals, sponsorships and engaging in community dialogues. Moreover, all the companies but the one in Case #3 participate in health care development activities. Further, there are important but separate CSR practices that are undertaken by the case companies such as building schools (Case #1), building houses for the poorest of the poor (Case #2), and scholarship programs for the disadvantaged local students (Case #3). This shows that the companies are striving to discharge their responsibilities with regard to their respective communities in terms of thoughtful CSR practices that would also help
contribute to the betterment of the local communities as well as to maintain the companies’ license to operate (Business Impact, 2000; Goodman, et al., 2011; Porter & Kramer, 2011; Rao, 2004).

7.3.4. CSR and customers
Promoting responsible consumption is the most common CSR practice amongst all the companies. Through media advertisements, the companies advocate for drinking responsibly and indicate that their products are not meant for persons under the age of 18. However, various critics including NGOs, the academic community, government authorities, and the local community, indicate that the breweries are not doing enough in instilling responsible consumption. The critics’ standpoint is that the responsibility messages are only rhetoric, which lack practical monitoring and implementation. Nonetheless, there are commentators who appreciated that promoting responsible drinking is a new phenomenon in the country, and they witness that sharing responsibility messages in beer advertisements emerged following the arrival of foreign brewing firms in the country.

All of the case companies claim to be ethical in their advertisement activities. However, critics from NGOs, academics, and experts from government offices argue that the breweries are engaged in aggressive advertisements that contain enticing messages and information indiscriminate of age. Further, companies in Case #1 and Case #3 claim to have been engaged in activities that involve supervising outlets to implement responsible behavior, and claim to have been working closely with major outlets to educate their bar tenders and servers not to serve alcohol to people who are underage. The researcher contacted few of the major outlets that these case companies work with and it is confirmed that the companies do actually work closely with the major outlets in promoting responsible consumption.

The interviews with the company managers indicate that there are other more distinct CSR practices that the case companies perform with regard to their customers. Accordingly, the company in Case #1 provides training for its agents and distributors on issues such as responsible business practices, creating employment opportunities for thousands of people in the distribution channel, ensuring that hygienic practices are complied with by offering training to individuals who operate the beer machines and by offering tools for the company at major outlets, and keeping the company open for customers and the public for visits. The company in Case #2 states that its additional CSR activities directed at customers include ensuring that consumers get healthy beer that is free from sugar and has soluble alcohol
opposed to high alcohols that are bad for the health of consumers, employing a feedback system with its consumers to serve them better, and it has computerized cleaning to avoid human contact. This brewery accused the other breweries for their lack of computerized cleaning and indicated that human contact is involved in the cleaning process at the other breweries. Finally, the company in Case #3 indicated that as part of its CSR with respect to its customers it educates the public about the dangers of drunk driving, and takes measures to reduce the impact of its advertisements on children (such as by not placing ads near schools).

The result above shows that the most common CSR practices that the companies undertake towards customers in the local market is promoting responsible consumption. However, there are notable differences in CSR practices to customers between the companies. For instance, with regard to offering training on hygienic practices to bar tenders at major outlets and providing training for agents and distributors on responsible business practices (Case #1), producing healthy beer, which is free from sugar (Case #2), and taking measures to reduce the impact of advertisements on children (Case #3). Given this, commentators from NGOs, academics, and government authorities criticize the brewery sector for its aggressive advertising and its poor commitment to consumer information availability and promotion of responsible consumption. CSR literature suggests that although establishing a sound CSR commitment with respect to customers is a time consuming endeavor, businesses are expected to espouse socially responsible behavior in order to satisfy their customers by offering them safe and reliable products and respecting the customers’ right to be informed of the negative effects of alcohol use and abuse (Ertuna & Ertuna, 2010; Hong & Xiaoli, 2010; Shaw, 2016).

7.3.5. CSR and farmers (suppliers)
In terms of CSR with regard to farmers, the company in Case #3 works much more closely with smallholder barley farmers in the local setting and the company in Case #2 works with smallholder barley farmers to a certain extent. The company in Case #1 has much lesser commitment to the local farmers, particularly in building the capacity of smallholder barley farmers.

More specifically, in its effort to source malt barley locally and help build the capacity of the local small-scale farmers, the company in Case #3 works towards sourcing barley locally, and in view of this objective it works closely with local farmers and provides a range of support to the farmers that it works with. The farmers’ centered activities of this case company
include the facilitation of access to credit for the local farmers to buy the necessary inputs for their farming activities. It also provides the farmers with improved quality seeds, renders agronomical support, provides training, and gives advice to the farmers. Further, the company has created access to the market for the small-scale farmers and offers premium prices to the farmers who sell their barley to the company. It also offers the farmers some transportation facilities to transport their harvest and distributes packages. The farmers (who participated in this study) that work with Case#3 have expressed that they are very much satisfied with the business relationship that they have with the company and highly appraised the support they receive from the company. The interview responses from the managers and NGOs that facilitate cooperation between the farmers and the companies asserted that the companies are mainly doing this to assist the local farmers in order to support and build their capacity, despite the fact that it is much more convenient and cheaper for the companies to import barley from foreign markets. The information obtained from the managers of Case #1 (which does not work so closely with local farmers) indicates that their company depends for the most part on imported barley, as this is a more convenient and cheaper way to get barley.

With regard to Case #2, the company is committed to a certain level to build the capacity of smallholder farmers. Capacity building is realized by improving smallholder’s productivity, establishing market access, subsidizing improved quality seeds, assigning agronomical experts that help improve the productivity of the farmers, offering early prices to the barley growers, and by offering some transportation services to transport the harvests of barley farmers. Nonetheless, the farmers that work with this particular brewery expressed their dissatisfaction over the price that the brewery offers for their barley. Moreover, the farmers also complained that the brewery is not providing them robust agronomical support to improve their productivity, and they criticize it for playing mainly a buyer’s role.

The last company, in Case #1, has a much lesser commitment to local farmers. The most mentionable CSR activities it undertakes towards farmers are organized tours (once a year) to farmer villages to meet farmers. It also engages in dialogues and discussions to create awareness about HIV prevention and care, and it motivates farmers to improve productivity by distributing small-farming tools to outstanding farmers. The company has recently financially contributed to a local agricultural institute in order to support its research and development programs on improved quality barley seeds.
The results above indicate that Case #3 is heavily involved in CSR practices to support the local farmers in order to improve their productivity. To a lesser extent, the company in Case #2 is also involved in CSR practices that are deemed to improve the productivity of the local small-scale farmers. The company in Case #1 has no lasting business relationships with a defined group of farmers in the local setting with regard to sourcing locally. It has been argued in CSR literature concerning local suppliers that businesses are expected to work with and source inputs from close (local) sources, particularly from minority-owned suppliers (such as small-scale farmers). Business are expected to establish lasting relationships by implementing contract farming, which encompasses providing the small-scale farmers with inputs and production services, access to credit, introducing new technologies, skill transfer, early and fair prices, and access to reliable markets (Eaton & Shepherd, 2001; Porter & Kramer, 2011; Spiller, 2000; Sprinkle & Maines, 2010).

7.3.6. CSR and the environment
There are a range of environmental protection activities that the companies claim they are doing. While some of these environmental protection activities undertaken by the companies are similar, there are also distinct environmental activities that are typical to each case company. Of the various environment-related activities, the following are performed across all the cases: planting trees and/or participate in green and clean initiatives; waste water treatment plants to treat the breweries effluent before release; using part of the waste as a fertilizer for the local farmers/communities; and byproducts such as spent grain are used to feed cattle of the local community. They all also collect carbon (CO₂) to reuse it as an ingredient in the production process.

The rest of the activities that the case companies perform as part of their responsibility with regard to the environment differ from each other. The company in Case #2 engages in the germination and development of tree seedlings at an industrial scale to help support reforestation efforts across the country. In addition, local farmers use its treated wastewater for irrigation purposes, it undertakes erosion control activities especially in the water catchment areas where the company sources its water, and it recycles water for cleaning purposes as part of its program to conserve water. The company in Case #1 is about to launch generating bio-fuel from the company’s effluents; and the company in Case #3 reuses its waste to generate bio-fuel as an energy source for cooking purposes.
The results show that the companies perform various types of environmental protection activities as part of their CSR commitments. CSR authors uphold that protecting the environment is one of the social responsibilities of modern businesses towards a cleaner environment. These authors argue that modern business should engage in environmental protection activities, support pro-environmental initiatives, and should seriously consider the impact of their operations on the environment. In addition, integrating environmental dimensions in the management system of a business improves its environmental performance (Dahlsrud, 2008; Huang & Watson, 2015; Joireman, et al., 2015; Kotler & Lee, 2005). However, the interviews with NGOs, academics, and government authorities show that they criticize the brewery sector for not taking robust environmental protection measures.

7.4. Comparative Analysis of Why the Case Companies Engage in CSR: from the Perspectives of CSR Sources (Drivers)

In investigating why the companies engage in CSR activities within the local setting, the study explored six dimensions. These drivers include: CSR and Marketing (the business case for CSR); CSR and Governance; CSR and Company Values; CSR and Public Pressures and Expectations; CSR and the Law; and CSR and Stakeholders. These CSR sources/drivers are identified by the researcher based on a review of various CSR literature sources that suggest the possible drivers of CSR. This has been explained in the theoretical foundations (Chapter 4) and earlier in Chapter 1 (section 1.8), which outlined the theoretical grounding of the research questions. These identified sources are considered as the sources (drivers) of CSR in this study and are thought to be useful to intensively examine why the case companies engage in CSR practices from these perspectives. In other words, these identified CSR sources (drivers) developed by the researcher will serve as the lens through which the companies under investigation will be examined for the question of why they undertake CSR in the local context. The details of the identified CSR sources are thoroughly elaborated in the theoretical foundations, Chapter 4, Section 4.2.3.

In connection, as indicated in Chapter 5 (section 5.5.1) where we elaborate the analysis approach, a selective coding method was employed to analyze the findings of why the companies undertake CSR in the local context. It was explained there that in applying this analysis procedure it is usually necessary to present the story line/map (Vaismoradi, Turunen, & Bondas, 2013). Accordingly, the story map for this part of the analysis is shown in Appendix 8, and this is also in line with Braun and Clarke’s (2006) viewpoint that it is
important to exhibit how the analysis is done, and this enhances “the objectivity of coding processes” (Hannah & Lautsch, 2010, p. 17). Appendix 8 displays this story map. To the left of the story map is the list of the responses (concepts) that the interviewees/the managers provided with respect to the question of why their respective companies undertake CSR, and at the right corner of the story map are the CSR drivers that have been identified in the theoretical foundations (theory-driven themes). The analysis result is given below.

7.4.1. CSR and marketing/the business case
In exploring the case companies’ engagement in CSR from a viewpoint of CSR and marketing, all the managers (100%) who were interviewed asserted that one of the reasons why their companies engage in CSR is due to the fact that CSR contributes to improving competitiveness and is even considered as a useful tool to seize market prospects/opportunities, or that CSR contributes to business survival and growth as well as improving good will and image building, or it brings about commercial and reputational benefits. These concepts correspond to the theme of CSR and the business case (marketing). This implies that there is a business case behind the companies’ engagement in CSR in the local context. This result affirms that the theme of “CSR and the business case (marketing)” that was identified as a CSR driver in the theoretical foundation serves as one of the CSR drivers for the studied companies to engage in CSR in the local setting. Overall, the findings show that from the perspective of the business case for CSR, the case companies affirmed that CSR contributed to improving their reputation and image, and it has also contributed to enhanced competitiveness. This is in line with what CSR authors uphold; that is, CSR authors argue that the integration of CSR in a business model has a positive impact on a company’s reputation and competitiveness, as it enables businesses to defend their reputation and it has strategic importance for building competitiveness (Beltratti, 2005; Fombrun, et al., 2000; Iwu-Egwuonwu & Chibuike, 2010; Luo & Bhattacharya, 2006; Porter & Kramer, 2006; Zadek, 2000).

7.4.2. CSR and governance
From the perspective of CSR and governance, it was indicated that “corporations will not act responsibly as long as corporate responsibility issues are not integrated in their decision-making and governance structures” (Spitzeck, 2009, p. 495). In this particular study, all the managers (100%) disclosed a related viewpoint that engaging in CSR is part of their companies’ policy and strategy; that is, the companies are undertaking CSR in the local
setting partly because CSR is part of the companies’ strategy and policy and/or there are
codes of conduct that require the companies and guide its personnel towards responsible
behavior and socially responsible practices. In other words, all of the respondents stated that
one of the reasons why they undertake CSR in the local context is because CSR is part of the
company’s internal governance mechanisms. The responses that have been shared by the
managers that CSR is part of their company’s strategy/policy/decision area correspond to the
theme of “CSR and (internal) governance mechanism,” which is identified as one of the CSR
drivers in the theoretical foundation. CSR writers affirm that “there is a positive relation
between corporate governance and corporate social responsibility. Companies that have good
corporate governance are more respected and valuable because good corporate governance
protects the stakeholders which contribute to the life of the firm. Corporate governance and
social responsibility are strong complements,” (Beltratti, 2005, p. 385). It is noted that
“better-governed corporations tend to pursue a more socially responsible agenda through
increased CSR practices” (Ntim & Soobaroyen, 2013, p. 468). The study results found that
internal governance mechanisms form one of the CSR sources among all the case companies.
In all the cases, CSR earned top management’s commitment, and there are designated
departments in each of the companies to plan and execute CSR programs and practices. CSR
authors assert that there is a clear, positive relationship between governance and CSR (Aras
& Crowther, 2012; Beltratti, 2005), whereby “corporate governance is a necessary pillar for a
genuine and sustainable CSR orientation; it molds CSR” (Jamali, et al., 2008); and
“Corporate governance causes corporate social responsibility” (Jo & Harjoto, 2012, p. 61).

However, the study also found that not all the case companies have well-written CSR codes
and policies as part of their internal governance mechanisms. The study found that the
companies in Case #1 and Case #2, for example, do not have well-documented CSR policies
and codes of conduct. The managers indicated that mostly their codes are implicitly
understood among company members, and they argued that not everything has to be in a
written form. In view of these findings, CSR authors such as Shahin and Zairi (2007) argued
that CSR must be integrated in the management systems and processes of a business by way
of corporate policies to foresee social responsibility issues with a commitment to help solve
societal problems; and this makes corporate governance a critical element for driving
excellence in CSR. Similarly, Harjoto and Jo (2011) noted that this is also particularly
important because businesses that have effective governance are more likely to seriously
engage in CSR, as effective governance and CSR commitments are positively related. Further, the study also found that there is variation among the companies over the issue of CSR reporting. It is confirmed that the companies in Case #1 and Case #2 do not report about their CSR activities at all, and they do not even have online information concerning their CSR activities and achievements. Contrary to the companies in Case #1 and Case #2, the company in Case #3 drafts press releases and media events to communicate its CSR activities within the local context in addition to the annual CSR reports it produces at the global level. These annual CSR reports also contain information about local CSR activities. According to Cheng, Ioannou and Serafeim (2014), CSR reporting is considered as an important tool to increase transparency and accountability as part of governance.

7.4.3. CSR and company values

In view of CSR and company values, CSR literature upholds that company-centered values are crucial because such ethical values provide a greater bastion for corporate behavior than laws and regulations, and ethical perspectives are regarded as important accompaniments to the law especially where the law does not exist or law enforcements are weak (Crook, 2005). Corporate values play an important role in engendering responsible business behavior, particularly “in countries where corporate misconduct is rarely punished, organizations with strong moral values are more likely to exhibit ethical behavior than those with little or no moral values,” (Mzembe, Lindgreen, Maon, & Vanhamme, 2016, p. 167).

Accordingly, in this empirical study, all of the company managers (100%) affirmed that they are undertaking CSR because doing so is part of their respective companies’ values. The results show that the company’s values that are stated in different phrases such as “share part of our wealth with people”, “to build a better and stronger society”, “to give is a duty,” “to give back to communities,” “to benefit our society, to give back, to be a positive impact to communities,” “CSR is a duty to give back to communities and to serve the communities,” and “CSR is basically creating a shared value” are some of the company value-oriented reasons why the companies engage in CSR in the local context. These concepts correspond to the theme of “CSR and company values,” which was identified as a CSR driver in the theoretical foundation, asserting that this theme serves as one of the CSR drivers for the studied companies to engage in CSR in the local setting. Thus, results show that the companies’ values are one of the major CSR sources for the companies to engage in CSR. It is noted in CSR literature that company values are an important source of CSR for evident
reasons. A company’s corporate values explain its corporate behavior (Thomsen, 2004). CSR is also the set of a business’s moral duties to its stakeholders (Argandoña & von Weltzien Hoivik, 2009). Above all, company-centered values are crucial and are regarded as essential elements of CSR because such ethical values provide a greater bastion for responsible corporate behavior that go beyond limited legal and economic obligations, which provide a very narrow and incomplete version of CSR (Crook, 2005; Sun, et al., 2011).

7.4.4. CSR and public pressures and expectations
In exploring whether public pressures and expectations are also a reason behind the case companies’ engagement in CSR, no manager indicated that public pressures and expectations are the reason behind the companies’ engagement in CSR in the local context. It instead unanimously confirmed by the interviewed managers that there are no organized pressures within the local setting that demand the companies to engage in (more) CSR. It is rather based on self-initiative that the companies are undertaking CSR activities in the local setting. In other words, all of the managers stated that they are undertaking CSR in the local context voluntarily and they shared that there exists no strong, organized pressures from the public in the local setting. This finding verifies that the theme that was identified in the theoretical foundations as “CSR and public pressures and expectations” does not serve as a CSR driver in the local context for these studied case companies. However, despite the lack of organized pressure in the local setting requiring businesses to have (more) CSR commitment, the study found that Case #3 strives to observe and implement certain international CSR tools and initiatives. In connection with the later point, the study further found that there is a variation among the managers’ (companies) perceptions and commitment to apply international CSR initiatives/frameworks. Accordingly, the company in Case #1 completely dismisses the idea of implementing international CSR frameworks/initiatives based on the claim that the local context provides a unique setting and no international CSR framework/initiative fits perfectly to match CSR considerations within the local setting. The company upholds that it instead uses indigenous approaches and wisdom depending on the situation to plan and execute its CSR activities. In Case #2, there are not many international CSR frameworks that the company strives to apply except for the ISO 9001 and ISO14001 certifications for Quality Management System and Environment Management System, respectively. Nonetheless, the company in Case #3 strives to apply a range of international CSR initiatives/frameworks, including its own global CSR frameworks, by adapting them to the local situation.
Thus, the findings of the comparative analysis show that pressures from local sources, such as NGOs, civil society campaigners, trade unions, and the media, and CSR tools or CSR initiatives are hardly the reason, at least for these companies, as to why the companies perform CSR within the local context. This is because there are no strong local pressures that demand that the companies engage in (more) CSR, nor do the companies (particularly Case #1 and Case #2) apply global CSR tools or initiatives. However, for Case #3, observance of some global CSR tools is partly the source of its CSR engagement.

CSR literature upholds that business approaches with regard to CSR may depend on local conditions (Frynas, 2006), which involve conditions such as pressures from NGOs (civil society campaigners), trade unions, and the media. In addition, business approaches may be influenced by CSR tools, such as CSR guidelines/initiatives and award schemes (Gjølberg, 2011; Ribstein, 2005; Ward, 2004). Despite these influences, the study results show that there are no organized pressures in the local context that influence the case companies to pay more attention to CSR. As stated earlier, it is only the company in Case #3 that observes international CSR tools that it endorsed, which is in line with the idea that “today’s managers must recognize and respond to a rising number of international issues, without the moral compass of the nation, state or religion as a guide. In other words, managers may need to take positions on issues that apparently are not purely business related,” (Freeman, et al., 2006, p. 6). Even though there is no organized public pressure for more CSR in the local setting, CSR scholars, such as Carroll, indicate that “it has been clear that the public everywhere has expectations on business that extend beyond providing goods and services and making profits” (Carroll, 2015, p. 94). CSR is based on the core idea that “businesses have to meet society’s expectations in their practices” (Gössling & Vocht, 2007, p. 3363).

7.4.5. CSR and the law

In examining whether the law (domestic laws and regulations) is one of the reasons why the case companies undertake CSR in the local context, no manager indicated that the law (local laws and regulations) is one of the reasons why their companies undertake CSR in the local context. The study instead found that the companies are undertaking CSR in the local context voluntarily, and it revealed that there exists no CSR law at national level that requires or guides businesses to undertake some form of CSR. This finding verifies that the theme that is identified in the theoretical foundations as “CSR and the law” does not serve as one of the CSR drivers in the local context, at least for these studied case companies. In other words,
Part 3  Chapter 7: Comparative Analysis

regarding CSR and the law in the local context, all the cases across the board asserted that there is no direct, local CSR law that requires businesses to implement CSR. All the case companies indicated that they undertake their CSR activities voluntarily, based on self-initiative. The interview results with the law enforcing authorities of the country (for details, see interview results with government authorities in Appendix 9) also pointed out that the country does not have a specific CSR law/policy presently. Nonetheless, the Ministry of Labor and Social Affairs (MOLSA) is currently mandated by the government to introduce a national CSR policy, and it is holding consultative meetings with the business community towards this end. Despite this lack of a direct CSR law at the national level, there are scattered laws, which partly relate to CSR, in the country’s environmental proclamation, labor proclamation, and human rights proclamations (details available in Chapter 2).

Overall, from the local viewpoint of the law (domestic CSR laws/regulations), there is no direct CSR law or guideline that requires businesses in the country to engage in CSR activities. The ongoing effort by MOLSA to introduce a CSR guideline at the national level is anticipated to serve as a direct CSR guideline for businesses that operate in the country. Even though introducing a CSR law is difficult in the developing countries (Vives, 2008), doing so will improve CSR effectiveness because laws are important, as laws (government regulations) could have a greater and more effective influence on CSR than other options, such as business self-regulation and pressures from NGOs and market pressures (Vogel, 2006). Similarly, McBarnet argued that introducing a CSR law “would be fairer, making a level playing field for business, it would have legitimacy, based on and providing due process of law, most importantly it would be more effective” (McBarnet, 2007, p. 27). Despite the widespread, global recognition of the UN guidelines (such as the Ruggie Framework and the UN Global Compact) on business and human rights, which are also supposed to be applicable in Ethiopia, apparently the awareness is low on these developments in the country.

7.4.6. CSR and stakeholders

With respect to the last CSR driver, CSR and stakeholders, the study found that all the managers (100%) have confirmed that part of the reason why they perform CSR in the local context is to be proactively responsive to their major/primary stakeholders. This concept corresponds to the theme of “CSR and stakeholders,” which is identified as a CSR driver in the theoretical foundation, asserting that this theme serves as one of the CSR drivers for the companies to engage in CSR in the local setting. In other words, in terms of assessing why
the case companies engage in CSR activities from the viewpoint of a business’s stakeholders, all the case companies assert that being responsive to the interests and demands of their respective stakeholders in a proactive way is one of their top priorities on their CSR agenda. They claim that they are performing their CSR practices to be responsive and to positively influence their stakeholders. In fact, CSR literature also indicates that pressures from the major organizational stakeholders (shareholders, employees, customers, suppliers, and the local community) have a strong influence on CSR (Pondeville, et al., 2013). The results of the interviews with the companies’ managers indicated that the case companies exert the necessary effort to account for the interests of their major stakeholders (shareholders, employees, customers, suppliers, and local community). The results also indicate that the case companies are committed to be responsive to all of their stakeholder groups fairly, based on the shared notion that all major stakeholder groups deserve fair attention depending on the situation. CSR authors uphold that modern day businesses need to pay attention to all aspects of important stakeholder interests (Millon, 2010). Literature also suggests that companies must “focus on [a] deep understanding of the interests, priorities, and concerns of the stakeholders” (Freeman, et al., 2006, p. 6), with a goal to “engage in socially responsible activities in order to conform to the norms and expectations of their stakeholders on how their operations should be conducted” (Proença & Branco, 2014, p. 254). Similarly, Aguinis claimed that “CSR is context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (cited in Glavas, 2016, p. 2).

Overall, the interview schedules for all the respondents comprised open-ended questions that offered the respondents the opportunity to share with the researcher their experiences without any restriction, in search of unique responses that may lie outside the theoretical foundations of study. However, there was no significant finding that falls outside the theoretical foundations.

7.5. Benefits and Barriers of Implementing CSR in the Local Context

In the theoretical chapter of this study (Chapter 4), opportunities and challenges when implementing CSR were identified. The opportunities/benefits of implementing CSR include cost and risk reduction, achieving operational efficiency, achieving competitive advantage, building and defending the company’s reputation and legitimacy, promoting innovation and helping improve the welfare of society (Kurucz, et al., 2008; Zadek, 2000). Other
opportunities include “better reaching market segments like ethical consumers and socially responsible investors, enhanced opportunities for strategic alliances, other partnerships as major business opportunities for corporations with external constituencies, enhancement of labor relations and employee commitment, and achievement of overall better financial and strategic results” (Keinert, 2008, p. 89). The challenges when implementing CSR include “lack of community participation in CSR activities, need to build local capacities, issues of transparency, non-availability of well-organized NGOs, visibility factor, narrow perception towards CSR initiatives, non-availability of clear CSR guidelines, and the lack of consensus on implementing CSR issues (Berad, 2011).

Table 24 depicts the benefits and barriers /challenges of implementing CSR in the local context as reported by the case company managers. The interview answers of the company managers produced general responses regarding the benefits and barriers of implementing the entire CSR packages of their respective companies. There is no specific item-by-item list of the benefits and barriers of implementing each and every CSR practice that they do.

In terms of the benefits of CSR, all the case companies have identified the following benefits of implementing CSR: improving image and reputation. More specifically, the identified benefits of implementing CSR at the local level are improving the company’s image and reputation (Case #1 and Case #2), and commercial and reputational benefits (Case #3).

Regarding the barriers/challenges of implementing CSR in the local context, the companies share common challenges. Challenges include the lack/limited awareness about CSR in the local setting, overwhelming social problems, and company resource/financial limitations (all the cases). Other challenges include bureaucratic inefficiencies in government offices and absence of CSR frameworks at the national level (Case #1).
### Table 23: Benefits and Barriers of Implementing CSR in the Local Context

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case #1</strong></td>
<td>Improving the company’s image and reputation.</td>
</tr>
<tr>
<td><strong>Case #2</strong></td>
<td>It improves the company’s image and reputation.</td>
</tr>
<tr>
<td><strong>Case #3</strong></td>
<td>Commercial and reputational benefits.</td>
</tr>
</tbody>
</table>

#### 7.6. Implementation of International CSR Ambitions and Goals in the Local Context

As outlined in the theoretical part of this study (Chapter 4), the idea of global integration versus local responsiveness of CSR is briefly highlighted in CSR literature (Bustamante, 2011; Cruz & Boehe, 2010; Husted & Allen, 2006; Muller, 2006). It is pointed out that it is imperative to make a distinction between global and local CSR (Husted & Allen, 2006). Even though perceptions vary over whether MNCs have to centralize (global integration) or decentralize (local responsiveness) their CSR (Muller, 2006), it is evident that companies that operate in dissimilar contexts and countries may face diverse local challenges along with different levels of CSR maturity and requirements and enforcement (Cruz & Boehe, 2010) that may call for local responsiveness. Accordingly, the results of the interviews with the managers of the MNCs operating in the local context indicated that the local operating businesses (the subsidiaries) apply decentralized CSR in order to be more responsive to the needs of the local people. The managers maintained that circumstances are different across continents, and even those companies that have international CSR frameworks uphold that they flexibly apply those international CSR frameworks in light of the local situations on the ground.
7.8. Chapter Summary
This chapter presented the comparative analysis of the study findings across the cases. The analysis was done based on the information obtained from the interview responses of the companies managers, the companies’ document reviews performed in the earlier chapters as well as the information presented about the institutional and legislative context in Ethiopia, together with the literature review and the theoretical foundations of the study.

The comparisons were made mostly through tabulation, which displays the results across the case companies. Accordingly, the comparative analysis illustrated the similarities and differences over the types of CSR practices that the case companies undertake, why the case companies engage in CSR, benefits and barriers of implementing CSR for the local operating companies, and the approaches to implement international CSR strategies and ambitions of the multinational companies within the local context.

Overall, the comparative results show that the companies’ proactive and reactive social and environmental initiatives should be executed in accordance with the social and environmental needs of the communities of the areas where the companies have their plants. Besides, as indicated in the individual case studies (Appendix 7) and analysis of the interview results of the NGOs, experts from government offices, academics, and farmers(Appendix 9) some of the companies work in a highly water distressed areas in the country. Such companies are expected to give priority to water resource development activities as opposed to aggravating water shortages in those areas through excessive and unsustainable water consumption. The study results show that the companies are expected to do more in terms of CSR. The companies are expected to: participate in poverty reduction programs by creating more employment opportunities; establish alliances and partnerships with universities and research institutes; work closely together with the law enforcing unit to make sure that the minimum age requirement for alcohol consumption is enforced; and to address the severe problems associated with drunk driving, which is one of the primary causes of traffic accidents in the country. In line with the latter point, results indicated that the breweries have to engage in more practical commitment to instill/advocate responsible drinking that transcends promoting responsible consumption only with responsibility messages. Further, the study results show that the companies assessed do not demonstrate a structured stakeholder approach to respond to the interests and demands of stakeholders. There is no well-developed structure about how stakeholders/experts are selected, there is no regular meeting with each/all stakeholders, and
there is no real influence stakeholders can exert on local companies’ decisions-making processes and decisions. In addition, no stakeholder’s board exists, there is no employee or stakeholder share options program, and employees have no advisory rights regarding the company’s strategy or important decisions for stakeholders, not even regarding employee associations. Finally, there is no direct representation of stakeholders in local the company’s board or supervisory board and employees are not sufficiently encouraged to propose CSR ideas/plans to their respective companies.
CHAPTER 8: CONCLUSIONS AND DISCUSSION

8.1. Overview
This dissertation explored the adoption of CSR practices and principles by companies operating in the Least Developed Country (LDC) context with empirical evidence from the Ethiopian brewery sector. The focus of the research was introduced by outlining the background of the study, describing the problem statement, formulating the research objectives and research questions, and justifying the motivation and scope of the empirical study (Chapter 1). This is followed by a series of chapters including those that highlight the institutional and legislative context in the study setting (Chapter 2); literature review, which contains important topics from the literature that relate to the research questions of this particular study (Chapter 3); theoretical foundations that highlights the theoretical basis that the study drew on (Chapter 4); research methodology and methods that the study employed (Chapter 5); review of the available online and print documents (all are public information) of the case companies under investigation (Chapter 6). Then, the analysis took center stage, including analysis of the CSR practices of each of the case companies, singly (see Appendix 7); analysis of interview results with external stakeholders about the CSR practices and concerns in the brewery sector (see Appendix 9), and finally, the comparative analysis across the cases (Chapter 7). These all are carried out with the goal of answering the research questions of this empirical study. Thus, this chapter attempts to sew up these various threads of the study into a unified account by providing conclusions and discussion topics. Consequently, this chapter provides the (1) conclusion of the study by providing a summary of the findings in light of the research questions that this empirical research has raised, and then it will provide (2) a discussion that highlights (a) the major findings of the study in view of extant literature, (b) the significance and scope of the study, and (c) the limitations of the study and direction for future research.

For the interest of recollection, the central research question that this dissertation raised is: What are the factors enabling and/or preventing CSR practices and principles from being adopted in companies operating in an LDC context? And this central question was translated into the following sub-questions:

1. What CSR practices do the selected breweries undertake?
2. Why are they doing it?
3. What are the benefits and barriers of implementing CSR in the local context?
4. How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?

8.2. Summary of the Findings in Light of the Research Questions

Starting from the very beginning of this study, the entire process of the research was focused towards answering those research questions. It is now time to forward answers briefly for each of the sub-questions, which make up the central research question of the study.

8.2.1. CSR practices that the companies are performing in the local context

Research question 1 – What CSR practices do the selected breweries undertake?

The findings of the study indicate that there are common and distinct types of CSR activities that the case companies are engaged in towards their respective stakeholders such as shareholders/owners, employees, local community, customers, farmers, and the environment. The tables (Table 25-27) below display an overview of the major CSR practices in the case companies along with the targets (beneficiaries) and the broad areas of the CSR practices.
<table>
<thead>
<tr>
<th>Case Company</th>
<th>Major CSR Practices</th>
<th>Targets</th>
<th>Broad Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case #1</td>
<td>Providing necessary information when needed</td>
<td>Shareholders</td>
<td>Transparency</td>
</tr>
<tr>
<td></td>
<td>Providing health care coverage and accident insurance, occupational safety and health, annual bonus and holiday gifts, transportation service/allowance, training &amp; education opportunities</td>
<td>Employees</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Creating employment opportunities for locals, build (few) public schools, sponsoring social, cultural, sport, and entertainment events, community dialogues, participating in women empowerment projects, supporting persons with disability and providing employment opportunities for disabled persons, extending support to street children, and promoting and sponsors art and art-related works</td>
<td>Local community</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Promoting responsible consumption by communicating responsibility messages, training on hygienic practices, and training on responsible business practices</td>
<td>Customers</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>No established relationships with defined group of farmers to source locally and support the productivity of farmers but does the following to farmers: create awareness about HIV prevention and care in farmers communities, motivate farmers to improve productivity by distributing small farming tools to outstanding farmers, and financial contribution to a local agricultural institute in order to support its research and development programs on improved quality barley seeds</td>
<td>Farmers</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Planting trees and/or participating in green and clean initiatives, waste water treatment plants to treat the breweries effluents, using part of the waste as fertilizer for the local farmers/communities, using byproducts such as spent grain to feed cattle in the local community, and collecting of carbon (CO₂) to reuse it as an ingredient in the production process</td>
<td>Environment</td>
<td>Environment</td>
</tr>
</tbody>
</table>

Table 24: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #1
<table>
<thead>
<tr>
<th>Case Company</th>
<th>Major CSR Practices</th>
<th>Targets</th>
<th>Broad Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case #2</td>
<td>Financial reports are provided on a monthly basis</td>
<td>Shareholders</td>
<td>Transparency/Social</td>
</tr>
<tr>
<td></td>
<td>Providing health care coverage and accident insurance, occupational safety and health standards and measures, annual bonus, holiday gifts, transportation service/allowance, and training &amp; education opportunities</td>
<td>Employees</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Creating employment opportunities for locals, sponsoring social, cultural, sport, and entertainment events, community dialogues, access to clean water, industry-university partnership, building houses for the poorest of the poor, taking care of orphans, and executing HIV prevention, care and support program</td>
<td>Local community</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Promoting responsible consumption – communicating responsibility messages, sugar free beer, computerized cleaning, and consumer feedback system</td>
<td>Customers</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Market access, subsidizing price of improved quality seeds, agronomical experts that help improve the productivity of the farmers, offering early prices to the barley growers, and some transportation service to transport the harvests of the barley farmers that it works with</td>
<td>Farmers</td>
<td>Social and some Environmental</td>
</tr>
<tr>
<td></td>
<td>Planting trees and/or participating in green and clean initiatives, waste water treatment plants to treat the breweries effluents; using part of the waste as fertilizer for the local farmers/communities, using byproducts such as spent grain to feed cattle in the local community, and collecting of carbon (CO₂) to reuse it as an ingredient in the production process, germinating and development of tree seedlings at an industrial scale to help support reforestation efforts across the country, erosion control activities and recycle water for cleaning purposes</td>
<td>Environment</td>
<td>Environment</td>
</tr>
</tbody>
</table>

Table 25: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #2
### Table 26: Overview of the Case Companies’ CSR Practices and Broad Areas – Case #3

<table>
<thead>
<tr>
<th>Case Company</th>
<th>Major CSR Practices</th>
<th>Targets</th>
<th>Broad Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case #3</td>
<td>Financial and CSR/sustainability reports</td>
<td>Shareholders</td>
<td>Transparency/Social</td>
</tr>
<tr>
<td></td>
<td>Providing health care coverage and accident insurance, occupational safety and health standards and measures, annual bonus, holiday gifts, transportation service/allowance, and training &amp; education opportunities</td>
<td>Employees</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Creating employment opportunities for locals, sponsoring social, cultural, sport, and entertainment events, community dialogues, access to clean water, sanitation facilities to vulnerable communities, administering scholarship program to assist disadvantaged local students, and working on road safety activities in the local areas</td>
<td>Local community</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Promoting responsible consumption – communicate responsibility messages, educating the public about the dangers of drunk driving, and no promotion activities near schools</td>
<td>Customers</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Implementing contract farming with local farmers: access to credit, improved quality seeds agronomical support, training, and business advice; access to market, premium prices, and some transportation facilities to transport their harvest and distributes packages</td>
<td>Farmers</td>
<td>Social and some</td>
</tr>
<tr>
<td></td>
<td>Planting trees and/or participate in green and clean initiatives, waste water treatment plants to treat the company’s effluents, using part of the waste as fertilizer for the local farmers/communities, using byproducts such as spent grain to feed cattle in the local community, and collecting carbon (CO2) to reuse it as an ingredient in the production process.</td>
<td>Environment</td>
<td>Environment</td>
</tr>
</tbody>
</table>
The results shown in the above tables are based on the information obtained from the interviews and from the companies’ documents and public information. Accordingly, the results show that most of the CSR practices that the companies perform in the local context focus on social aspects such as education, health care, creating employment opportunity for locals, employees development and learning, improving workplace health and safety, medical and insurance coverage to employees, promoting responsible consumption, building the capacity of small-scale farmers through contract farming, sponsorships, and extending support to disadvantaged communities with scholarship programs, women empowerment, and support to street children and persons with disabilities.

It might seem that more weight has been given to the social aspect of CSR than the environmental aspect. Even so, in the face of enormous social problems that exist in the study context, what has been done by these companies thus far could never address the slightest portion of the social problems that exist in the country. But this pioneering could definitely be exemplary to other businesses in the country. There are also important environmental protection practices that are undertaken by the companies in the brewery sector such as waste water treatment, participation in campaigns of planting trees and clean and green initiatives, and germination and development of tree seedlings to help support reforestation and afforestation activities throughout the country. After all “CSR is a work in progress and that, rather than condemning the good for being imperfect, we should examine the processes under way” (Blowfield & Frynas, 2005, p. 506).

Nonetheless, there is still more work to be done with regard to CSR. The business sector of the country in general, and the brewery sector in particular, which hosts prominent multinational companies, may have to brace for more robust CSR initiatives. These initiatives could address chronic poverty and associated social problems as well as declining environmental conditions. This is with due consideration that the study context – with a population size of over 96 million – is one of the typical parts of the developing world where there is “the bulk of the world’s population and the lion’s share of global social and environmental problems” (Jamali & Neville, 2011, p. 599).

Particularly, in light of the study results of this research based on (a) the interviews with NGOs, academics, experts from government offices, employees, and local farmers that the case companies work with; and (b) the companies’ documents on CSR promises of the case companies investigated, which in general propagates the necessity and significance of the
businesses to exert positive contribution to the society and nurture the environment in the territories that they operate; as well as (c) based on CSR theories which accentuate that businesses should accept that they must play more than just an economic role in society (Idowu, 2009; Rigoberto Parada Daza, 2009; Robins, 2008) and engage in various CSR practices that focus on environmental protection, building relationships with local communities and local suppliers, and promoting human rights (Dahlsrud, 2008; Freeman, et al., 2004; Joireman, et al., 2015; Kotler & Lee, 2005; Moir, 2001; Proença & Branco, 2014; Russo & Tencati, 2009; Sen & Bhattacharya, 2001; Sprinkle & Maines, 2010), providing infrastructure for the local community (Gifford, et al., 2010; Tsang, et al., 2009), implementing contract farming, which encompasses providing support to small-scale farmers that the businesses work with (Eaton & Shepherd, 2001); engaging and educating customers, ensuring consumer information availability, truthful advertising, and advertising to children (Bokhodir & Iroda, 2010; Heslin & Ochoa, 2008; Hong & Xiaoli, 2010; Porter & Kramer, 2006), and ensuring health and safety at work and preserving employees’ rights such as through fair treatment of employees, the elimination of discrimination in respect of employment and occupation, freedom of association and the effective recognition of the right to collective bargaining (Bauman & Skitka, 2012; Crane, Matten, & Spence, 2008; Ellerup Nielsen & Thomsen, 2009; Global Compact, 2000; ILO, 1998; Jain & Jain, 2013; Proença & Branco, 2014; Ruggie, 2008), there is an urge expressed in the society for more serious CSR interventions expected from businesses in this country including those businesses operating in the brewery sector on the following areas:

- Fight against extreme poverty and joblessness;
- Combating alcohol and drug abuse;
- (More) integration with farmers, so that the businesses commit themselves to come to grass root levels, and work towards addressing prevailing issues of gender-based violence in the smallholder farming communities;
- Addressing the problems which relate to employees’ segregation into distinct groups, such as new blood and old blood employees groups, which provide preferential treatments and better salary and benefits packages to one group of employees over others. Moreover, there is an objection that there is a serious problem relating to the
violation of the employees’ rights to association in the brewery sector, at least in two of the three case companies investigated;

- Help fill gaps that relate to the use of technology/knowledge, skills, and technology transfer to smallholder farmers and local employees;

- Give due consideration to water resource development activities, refrain from aggravating water shortages through excessive and unsustainable water consumption, and execute robust participation in addressing environmental problems that require reforestation and restoration of degraded areas;

- Embark on community development programs that target children, women, older persons, and persons with disabilities;

- Engage in serious commitment to promote responsible consumption and protect children from beer promotion, and addressing the problem of poor consumer information availability of the products of the case companies by installing improved product labels;

- Work closely together with the law enforcing offices to make sure that the minimum age requirement for alcohol consumption is made practical, and work towards addressing the severe problems associated with drunk driving (which is one of the major causes of road accidents in the country);

- Establishing alliances and partnerships with universities and research institutes; and supporting the development of the education sector, donation of books and teaching aid materials to rural schools; and

- Improving transparency about the activities and social and environmental impacts of the brewery sector.

8.2.2. Why are the companies doing CSR?

*Research question 2 – Why are the companies doing CSR?*

In order to answer this particular research question, the study depended on the various possible CSR sources that are identified in the theoretical foundations (Chapter 4) while exploring why the case companies engage in CSR in the local setting. Accordingly, the
managers’ responses are assessed in line with the CSR sources identified in the theoretical foundations of this study: CSR and Marketing/the Business Case, CSR and Governance (internal governance mechanisms), CSR and Company Values, CSR and Public pressures & Expectations (local demands and pressures for more CSR from NGOs, trade unions, and the media; and application of international CSR tools), CSR and the Law (domestic CSR regulations), and CSR and Stakeholders.

Accordingly, the study results on the CSR sources of the case companies reveal that the marketing motives (the business case for CSR), the companies’ values and internal governance mechanisms, as well as responsiveness to stakeholders’ demands and interests are identified as the main sources of CSR engagements of the case companies. Hence, all of the identified CSR sources in the theoretical part were confirmed by the study result except CSR and the Law, and CSR and Public Pressures and Expectations.

Particularly, in Case #1 and Case #2, where the case companies indicated that they do not depend on any form of international CSR tools (CSR initiatives such as UN Global Compact), coupled with the absence of local CSR law, made their values and internal governance mechanisms the leading source of CSR. However, in the company under Case #3, international CSR tools or initiatives (except for local pressures from NGOs, media, trade unions, and civic society campaigners) are partly the reason why this company engages in CSR. The latter company observes and strives to implement several international CSR tools. In other words, although the study found out that there are no strong and organized local pressures from local NGOs, media, trade unions, and civic society campaigners that demand businesses to do (more) CSR in the local context, the company in Case #3, unlike the other case companies, endeavor to apply some international CSR tools.

Regarding the law (domestic CSR regulations), it was found that there is not one specific CSR law that requires businesses to practice some form of CSR in the local context. The case companies are undertaking CSR in the local context on a voluntary basis. In other words, all the case companies across the board stated that there is no direct CSR law in the local setting that requires businesses to implement CSR. The case companies are undertaking CSR activities voluntarily, based on self-initiative. In connection, the interview results with the law enforcing authorities also confirmed that at present there is no specific CSR policy or law in the country. However, recently the Ethiopian Ministry of Social and Labour Affairs is mandated by the government to develop a national CSR guideline and it is working towards
this. Regardless, the country has scattered laws (outlined in Chapter 2), which partly relate to CSR such as environmental proclamation, labor proclamation, and human rights proclamations that businesses are expected to consult and abide by. Nonetheless, these proclamations and laws are not well reinforced. Sacconi (2007) put forth that “labor-market laws and environmental regulations establish a general legal framework, they cannot regulate every detail of firms’ decisions. They may lay down compulsory conditions, but in many settings their application requires interpretation of a ‘grey’ zone; or else compliance with them may not be observable” (p. 80).

Further, with regard to whether the case companies consider stakeholders as a CSR source, the research findings confirm that the companies indeed engage in some forms of CSR practices in order to be responsive to the interests and demands of their respective stakeholders. However, the study results show that although the companies claim that they perform CSR to satisfy their stakeholders in a proactive manner, there is no a strong involvement of the stakeholders in the companies’ CSR agenda (decision-making process) in the local context. This is in line with “stakeholders in developing countries have been object of CSR initiatives rather than active subject in shaping the CSR agenda” (Gugler & Shi, 2009, p. 7). In connection, it is noted that if companies truly aspire to make their CSR initiatives a success, they have to link such initiatives to stakeholders through stakeholder dialogue and stakeholder engagement (Albareda, Lozano, & Ysa, 2007; Blowfield & Frynas, 2005; Graafland, Eijffinger, & SmidJohan 2004; Simionescu & Dumitrescu, 2016).

More so, speaking of the motivation to CSR, authors such as Graafland and Mazereeuw (2012) identified two broad, major motives for CSR involving extrinsic (such as financial motives) and intrinsic motives (ethical and altruistic). In this broad view, there are extrinsic and intrinsic motives behind the CSR engagements of the case companies. Commercial and reputational benefits; better acceptance, and improved image are part of the extrinsic sources of CSR that the study identified regarding why the case companies engage in CSR. On the other hand, the companies’ values to give back, to respect, and create shared values are intrinsic motives that serve as the CSR source in the local context.

Overall, the interview schedules for all the respondents also comprised open-ended questions that offered the respondents the opportunity to share with the researcher their experiences without any restriction, in search of unique responses that lies outside the theoretical foundations of study. There was no significant finding that falls outside the theoretical
foundations, particularly with respect to the question of why the companies undertake CSR in the local context, however.

8.2.3. Benefits and barriers of implementing CSR: Causal analysis

Research question 3 – What are the benefits and barriers of implementing CSR in the local context?

In this section, a detailed discussion on the benefits and barriers of implementing CSR in the local context will be presented towards analyzing how and why these benefits and barriers promote/hamper CSR. This analysis and discussion will be generalized over all the three cases by aggregating all the respondents’ views (managers, employees, farmers, NGOs, experts from government offices, and academics). The first part will discuss the findings related to the benefits of implementing CSR for the companies, which will be followed by the analysis and discussion of the barriers to implementing CSR in the local context.

8.2.3.1. CSR benefits

The interviews with the company managers produced responses regarding the benefits of implementing CSR in the local context. Accordingly, the study results revealed that the benefits of implementing CSR in the local setting are that it improves image and reputation, contributes to growth and survival, improves competitiveness, helps seize market prospects (opportunities), as well as bringing about commercial benefits. This also coincides with one of the CSR drivers that the study identified (CSR and the business case), and the company managers affirmed that it is one of the reasons why they undertake CSR in the local context. This is in line with CSR authors’ suggestion that CSR has benefits including achieving competitive advantage so that the business can perform better financially, and it also brings about positive effects on company image and reputation (Kurucz, et al., 2008; Weber, 2008; Zadek, 2000).

Moreover, additional findings that were discovered while exploring why the case companies undertake CSR in the local context exhibit additional factors that promote the implementation of CSR by the companies in the local context. Among others, the fact that all the companies have (CSR) values that pledge to give back to communities (CSR and company values) is one of the factors that promote the implementation of CSR in the local setting among the studied companies. This finding supports the notion that company values are crucial because such ethical values provide a greater bastion for corporate behavior than laws and regulations, and
ethical perspectives that define the company values are regarded as important, especially where the law does not exist or law enforcements are weak, as such corporate values are regarded as the essential source of CSR (Crook, 2005; Sun, Stewart, & Pollard, 2011; Thomsen, 2004).

Not only do they have such (CSR) values, but it was also found that all the case companies consult and refer to their strategies and policies (CSR and governance), where CSR is embedded. In a context where there is a lack of CSR awareness as well as CSR guidelines/framework at the national level, the case companies’ reliance on their internal governance mechanisms is commendable and represents an additional factor that promotes the implementation of CSR. This finding aligns with earlier findings that there is a positive relation between corporate governance and CSR (Jo & Harjoto, 2012), as “corporate governance and social responsibility are strong complements” (Beltratti, 2005, p. 385). And on top of that, Jamali, Safieddine, and Rabbath (2008) stated that “under the umbrella of corporate governance, companies are encouraged to promote ethics, fairness, transparency, and accountability in all their dealings” and “corporate governance is a necessary pillar for a genuine and sustainable CSR orientation; it molds CSR,” (pp. 444, 457).

Moreover, this study’s finding that the case companies are committed to proactively serve the interests of their major/primary stakeholders as part of their CSR engagement to their primary stakeholders is a positive factor promoting CSR implementation among the case companies. This finding corresponds to the notion that modern day corporations are using CSR to strengthen their relationships with stakeholders, (Ali, Rehman, Ali, Yousaf, & Zia, 2010).

Finally, the autonomy that the local operating companies of the studied MNCs are provided to undertake CSR in the local context is a CSR enabling factor, as this provides the opportunity for the companies to undertake CSR flexibly by assessing local situations. However, in order to realize better CSR results from this opportunity, the parent companies may have to step up to transferring needed skills and providing necessary training to build up the CSR capacities of the local operating companies, as mentorship and skill transfers would be helpful (Ciliberti, Pontrandolfo, & Scozzi, 2008).

8.2.3.2. CSR barriers
Based on the analysis of the interview responses of the company managers, this study found that the barriers/challenges that the case companies encountered in implementing CSR
activities in the local setting include limited/lack of awareness about CSR in the local context, absence of CSR framework/guidelines at the national level that promote CSR, overwhelming social problems, and bureaucratic inefficiencies in government offices. The next paragraphs elaborate these barriers.

The first barrier that the companies identified that hinders their effort to successfully implement CSR in the local context is limited/lack of awareness about CSR in the local setting. The company managers shared that local communities as well as professionals who work in NGOs and in private and public organizations lack CSR understanding, and this poses problems to the companies when they try to partner with such organizations. This lack of awareness about CSR is also rampant among the local communities, and as a result the company managers shared that they mostly find it difficult to get the collaboration and commitment of local communities to the CSR activities that the case companies are performing in the local setting. Some managers have even disclosed that it is not uncommon to see some CSR-related activities that their companies performed get destroyed or not given enough protection by the local communities who are supposed to be the beneficiaries of such CSR projects. An instance is that some tree plantation campaigns performed by some of the case companies produced no result, as the local communities did not provide enough protection to the seedlings and the cattle of the communities destroyed the seedlings. This finding corresponds to what Berad (2011) stated, namely that a lack of interest of the local community in participating and contributing to CSR activities of companies represents a challenge to CSR implementation.

The second factor that the companies identified as a barrier to the implementation of CSR in the local context is the absence of a CSR framework or guidelines at the national level that promotes (the implementation of) CSR. The study found that the case companies are performing their current CSR practices voluntarily in the absence of a general CSR guideline that could help businesses operating in the country to coordinate and channel their CSR efforts to produce meaningful results. The study also uncovered that the case companies find it difficult to prioritize CSR intervention areas, and they are performing CSR in a sporadic way without aligning it with what might be serious problems in the country that would seek serious interventions from the corporate sector of the country if there were a national level CSR guideline that tailors/coordinates CSR initiatives. It is noted that there is no effective policy or guideline at the national level to channel CSR efforts towards producing tangible
and concrete results. This is in line with the assertion of Wanderley, Lucian, Farache, and de Sousa Filho (2008) that one of the challenges to CSR implementation in the developing countries is the fact that governments do not strongly promote CSR practices.

The third factor that the companies identified as a barrier to the implementation of CSR in the local context is the existence of overwhelming social problems in the local setting. The company managers expressed that there are enormous social problems in the country. They also disclosed that these social problems are also intricate at the same time. The point is that the enormity of the social problems is often times daunting, and it can be at times discouraging. The managers shared that there are tremendous problems that relate to health, unemployment, extreme poverty, homelessness, orphanage, lack of access to clean water, lack of access to education and health care, etc., causing a feeling that there are burdensome social problems around. The study also found that the case companies even receive unconsolidated requests for support from a countless number of individual applications. The managers shared that such unconsolidated, scattered, and fragmented individual requests for support are very challenging to handle and to respond to.

The fourth factor that the companies identified as a barrier to the implementation of CSR in the local context is the prevalence of bureaucratic inefficiencies in government offices (public institutions). It was found that bureaucratic inefficiencies are one of the common problems that the companies experience not only in their endeavor to implement CSR but also in all other aspects of business relations with government offices (public institutions). However, in connection to how this negatively impacts the CSR implementation of the companies, findings indicate that such bureaucratic inefficiencies and bottlenecks slow CSR projects and initiatives that the companies wish to implement. In other words, it is found that the bureaucratic bottlenecks are deemed to stifle the companies’ CSR programs as the local administrators are mostly uncooperative.

The fifth factor that was identified as a barrier to successfully implementing CSR in the local context is budget limitations in view of the enormous social problems that exist in the country. A point was made that the budgets that the companies allocate for CSR initiatives are often dwarfed by the enormous social problems that exist in the local context.

Further, the study found that civic societies (NGOs, media, and communities) are not well organized in the study context to put strong pressure on businesses operating in the country to perform CSR. Despite the expectation that the role of civic societies will be critical in
Ethiopia, and the NGOs can be expected to voice expectations about the role of business in addressing social issues as corporations move into Ethiopia (Robertson, 2009), the reality on the ground is rather the other way around. Even some of the case companies that were part of this study influence and manipulate NGOs in the local context by exploiting their weaknesses for the interest of business. According to Wanderley, Lucian, Farache, and de Sousa Filho (2008), such incidents truly inhibit the adoption of CSR. More specifically, Berad (2011) asserted that a lack of well organized NGOs that can assess and identify the real needs of the community and work along with companies to ensure successful implementation of CSR activities is one of the typical CSR challenges.

In addition to the specific barriers to CSR that have been identified above, this study also considers the serious concerns that have been expressed by employees, farmers, academics, NGOs, and experts from government offices regarding the case companies and/or the brewery sector in general as additional barriers to the successful implementation of CSR. These are highlighted next.

**Employees’ Concerns**

**Concern 1** - The main concerns shared by employees include a lack of fairness and equity due to discrimination either as a result of favoritism, nepotism and personal bias or because of the segregation of the employees into “new blood” and “old blood” groups. This leads to providing preferential treatment to some employees in terms of salary, benefits, and promotion opportunities. The views of the employees, who criticize the discrimination, indicate that such a divisive approach is iniquitous and has a negative impact morally, psychologically, and financially upon those employees who are unfavorably segregated. Thus, the concerned companies are expected to ensure fairness and equity among their employees by resolving the apparent discriminatory practices towards their respective employees. This study argues that no company should claim that it is striving to implement CSR successfully without addressing inherent problems that exist within the company itself in terms of discriminatory practices. From the viewpoint of responsible corporate behavior, it is rather expected from a business to ensure that there is no workplace discrimination (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Concern 2** - The other main concern that employees shared is that there is a wide salary and benefits gap between employees and managers. This is also another impediment to successful implementation of CSR. The employees call upon their respective companies to narrow this
Concern 3 - The third main concern that interviewed employees shared is management’s lack of openness to consider the views of the employees even on those decisions that affect the interest of the employees. Similar to the argument above, a management team that fails to entertain the needs and interests of its employees will not win the hearts and minds of its employees to get their commitment not only in the CSR initiatives that it aspires to implement but also in other spheres of business practices of the company. Management’s lack of openness to its employees is even against Article 129(3) of the Labor Proclamation No. 377/2003 of the country, which requires employers to involve employees in decisions that influence the interest of their employees.

Concern 4 - Employees have also complained about a lack of participation in CSR. This is an obvious impediment to the successful implementation of CSR. The successful implementation of CSR without the sound involvement of a company’s employees in such initiatives could not be imagined. Thus, the companies have to enhance employees’ participation in CSR. Doing so is also in line with major recommendations by prominent pro-CSR institutions. For example, it is noted that the OECD Guidelines for Multinational Enterprises require businesses to promote awareness about socially responsible behavior and activities among their workers (OECD, 2011). Besides, employees have a critical responsibility for implementing the CSR initiatives of the company that they work for. Attaining the intended outcomes of a company’s CSR engagements depends on the participation and willingness of employees (Collier & Esteban, 2007). Further, CSR literature suggests that a company’s employees even could draw motivation from participation in CSR activities (Weber, 2008).

Concern 5 - The other concern that employees disclosed relates to the prevalence of systematic control and oppression of employees by division managers and supervisors, who in return get attractive salaries and benefits. Such internal oppression of employees by
management is counterproductive, as this erodes the motivation and morale of the employees. Situations that involve intimidation of employees cannot be exemplary and not expected from companies that proclaim that they are committed to responsible business practices. Being a socially responsible business starts from within the firm itself.

**Concern 6** - Another serious concern that the study found is the violation of the employees’ rights to association. This can be caused by the reviving conflict between the management and employees’ association due to management’s failure to renew collective agreements. Or a cause can be that management systematically influences and manipulates the leaders of the employees’ association by providing attractive benefits to those leaders. Such malpractice is against the employees’ rights to association. Adherence to employees’ rights to association is one of the most basic aspects of responsible business practice in CSR (Global Compact, 2000; ILO, 1998; McWilliams & Siegel, 2001; Ruggie, 2008). Besides, it is clearly stated in the country’s Labor Proclamation No. 377/2003 (Article 113(1)) that employees have the right to establish employee associations. This is important for the employees to bargain a collective agreement regarding working conditions and terms (Article 125 (1)). The employee association represents the employees in collective bargaining (Article 126 (1b)). So the trend in which some of the case companies are threatening the survival of employee associations and manipulating the leaders of the employee associations is a direct violation of the country’s labor law and other important international conventions and international principles that promote the right to freedom of association. Examples of such legislation are the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), which Ethiopia endorsed in 1963, and the UN Global Compact’s labor principle that requests businesses to maintain the freedom of association and the right to collective bargaining.

**Concern 7** - The study also uncovered that there is a lack of proper handling of employees’ complaints and grievances. The interview results with employees indicate that there is a lack of a transparent and dependable way that employees can present their grievances and complaints. It is found that employees are even afraid to present their grievances and complaints due to being exposed and confronting unwanted repercussions. Giving due consideration to employees’ grievances is a necessary aspect of responsible business practice. The labour proclamation No. 377/2003 (Article 129(4)) of the country requires businesses to implement proper grievance procedures (FDRE, 2003). Moreover, Ruggie’s “Protect,
Respect, and Remedy” framework also indicated the importance of company-based grievance mechanisms to take care of employees’ grievances and suggestions (Ruggie, 2008).

**Farmers’ Concerns**

With regards to the farmers’ concerns, there are certain criticisms and concerns expressed by farmers with regard to the respective companies they cooperate with. These concerns also deserve consideration. The concerns range from a lack of robust agronomical support and an unsatisfactory price for their barley to that of a lack of recognition as individual farmers; from instances of discontinuation without explanation of support that farmers used to get from at least one of the companies to incidents of a number of livestock killed due to the waste release of one of the case companies that contaminated the nearby river. The farmers called upon the concerned companies to address such problems. Although the ongoing support that the studied case companies extend to the farmers deserves appreciation, in order to achieve the desired result of building the capacity of the farmers by improving their productivity, incidents such as those described here need to be addressed. Aspiring to achieve some of the CSR goals of the companies by cooperating with the local poor farmers can be achieved if those concerns that the farmers expressed are properly addressed. Otherwise, if such problems linger, without being addressed, it will be difficult to attain the intended goal of the case companies that aim at building the capacity of the farmers through the farmer-oriented CSR practices of the case companies. Moreover, it will be difficult to establish lasting relationships with the local farmers. Literature suggests that if businesses wish to establish lasting relationships with small scale local farmers through contract farming, they may have to work closely with the farmers by providing the small-scale farmers with inputs and production services, access to credit, introducing new technology, skill transfer, offering early and fair prices, and access to reliable markets (Eaton & Shepherd, 2001; Spiller, 2000; Sprinkle & Maines, 2010).

**Concerns from NGOs, Government experts, and Academics**

Further, there are concerns and criticisms expressed by other commentators including experts from NGOs, government authorities, and academics. This section highlights the concerns from this group:

**Concern 1** - These commentators stress that the brewery sector employs aggressive and enticing advertisement and promotion campaigns that are at the same time indiscriminate of
the audience’s age. The critics state that the sector executes aggressive, over-appealing and indiscriminate advertising of its products through all available media outlets, which entice the youth to indulge in beer drinking. They also claim that even children are exposed to beer advertisements. Due to such aggressive promotion and the resulting increase in consumption especially among the youth, critics express that violence is increasing in towns and that the local culture of restraint on alcohol consumption is endangered. Critics speculate that the risk of alcoholism will gradually creep into local communities. The critics fear that there will be an increase in intoxication-induced crimes. This finding indicates that the case companies are compromising part of their CSR pledges and commitments that focus on promoting responsible consumption. All the companies claim to be committed to promoting responsible consumption on the one hand, but they are carrying out aggressive and enticing advertising strategies on the other hand. This is self-conflicting, and it will downplay the companies’ attempts to truly advocate responsible consumption. In connection with this, the critics expressed their evident worries that the alcoholic product of the breweries has its own adverse contribution to the serious road accidents in the country due to drunk driving. Yet more needs to be done in creating awareness about responsible consumption in this regard. Further, the critics have also complained that the companies do not practically follow up on the implementation of their responsibility messages, and they are instead accused of being highly occupied with competition in the local market. Therefore, it should be noted that what the companies proclaim that they are undertaking should be made practical. It should not be brushed off as “easier said than done.” If the companies lack practical follow-up and implementation of their CSR pledges, it will remain only as rhetoric.

**Concern 2** - Another worry shared concern the use of water resources by the breweries from various sources – underground water, rivers, and spring water. Their method of water consumption is not sustainable and the amount of the water consumption of the breweries from these sources still largely remains unreported. This is further exacerbated by the lack of serious water recycling practice among the breweries despite the fact that most of the breweries have plants that operate in water-distressed areas of the country. Thus, a lack of transparency regarding the amount of water consumption by the companies and the reluctance to explore better ways of using water such as recycling could bring about undesirable results such as water conflicts (as some stipulate their fear that if the breweries do not become more sustainable in their water consumption, there will be potential conflicts over
water in the areas that they operate). So such companies’ unwillingness to be transparent on critical issues and negligence in finding better ways of dealing with resources that they get from the environment represent an impediment to the successful implementation of CSR.

**Concern 3** - Moreover, these critics have also harshly criticized the brewery sector for its poor product labels and lack of consumer information availability. The study found that even companies that produce bottled water provide much more labels and information about their products. The companies need to learn to open up and disclose adequate information to consumers.

**Concern 4** - Finally, the commentators have criticized the companies for their lack of engagement in serious and robust environmental protection activities in the areas where they operate. This lack of concern for serious environmental protection activities is not something that is expected from any company that claims to be serious about implementing CSR in the local context.

By and large, this section outlined the major benefits and barriers of implementing CSR in the study context based on the analysis of the interview responses of the case companies’ managers and other respondents (employees, farmers, NGOs, experts from government offices, and academics). It was learned that CSR can still be implemented in the local setting, part of a developing world, with certain benefits accompanying the implementation of CSR alongside barriers/challenges to successfully implementing CSR.

The study found that the benefits of implementing CSR in the local context include the fact that it improves image and reputation, contributes to growth and survival, improves competitiveness, helps seize market prospects (opportunities), and brings about commercial benefits. Moreover, the study found additional factors that promote the implementation of CSR by the case companies in the local settings, including the fact that the companies rely on their values and governance mechanisms to implement CSR, alongside the companies’ choice to serve the interests of their major stakeholders in a proactive manner. In the context where there is no a national-level CSR framework or regulation that requires businesses to engage in CSR, the companies’ values and internal governance mechanisms as well as their proactive responsiveness to stakeholders serve as CSR enablers. Further, the autonomy that the local operating companies have to implement CSR in the local context flexibly by
designing CSR programs that fit better to the local situation is another factor that promotes the implementation of CSR by the operating companies in the local context.

With respect to the barriers to the successful implementation of CSR in the local context, the sources of the barriers reside both within the companies themselves and outside the companies. While most of the impediments from inside the companies themselves relates to malpractices of management such as discriminatory practices among employees and lack of serious follow-up on CSR interventions of the case companies, the external barriers to CSR relate to limited/lack of awareness about CSR in the local context, absence of CSR framework/guidelines at the national level that promote CSR, overwhelming social problems, and bureaucratic inefficiencies in government offices that slow the CSR projects of the companies.

8.2.4. Implementation of the international CSR strategies (and ambitions) of the international companies

Research question 4 – How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?

The findings of the study reveal that the multinational case companies apply a decentralized CSR strategy in the local context in order to be more responsive to the needs of the local people and to respond to local conditions. In other words, it was found that since conditions vary from country to country, the MNCs (who have been part of the investigation and have their own international CSR strategies) apply those CSR strategies in the local setting flexibly depending upon the local conditions and needs. The study examined the MNCs’ international corporate strategies which relate to CSR, and the result turned out that they mostly have common international strategies that focus on: promoting responsible consumption, sourcing locally, and protecting the environment such as through conservation and development of water resources, waste management, and carbon control. However, the international management leaves it to the local companies, such as to these case companies, to implement the strategy. In other words, the local operating companies are performing CSR in the local context autonomously. There is a lack of vigorous CSR program enforcement at domestic level based on close monitoring by the parent companies of the MNCs operating in the local context.
Nonetheless, there are still certain aspects of the international strategies of the MNCs that operate in the local context, which resonated in the local Ethiopian context in terms of implementation and (earlier) results. That is, although still more needs to be done in terms of monitoring whether their responsibility messages are practically implemented, the introduction of the idea of responsible consumption with responsibility messages by the case companies is one of the positive achievements. All the companies have implemented communication of responsibility messages as part of their strategy to promote responsible consumption, and this promotion of responsible consumption is a new experience to the Ethiopian brewery sector.

Moreover, with respect to the strategy of sourcing locally, one of the MNCs operating in the local context (Case #3) in particular, is working closely with thousands of poor farmers across the country in order to improve the productivity and income of the farmers through agronomical support. This case company works with local farmers based on contract strategy that provides the farmers with training on best agronomical practices, input and improved quality seeds, premium price, and packaging and transportation assistance.

With regard to environmental protection activities in general and water resource conservation and development efforts in particular, there is lack of robust commitment and intervention among the case companies towards this. The study results show that there are severe complaints that the companies do not use water resources sustainably. In other words, the companies’ water consumption, which is mainly from underground sources, rivers, and spring water, still remains unaccounted for. Worse, recycling of water is not a common practice among the breweries despite the fact that most of the breweries are located in water distressed areas of the country. There are unyielding criticisms that the unaccounted water consumption of the companies from these sources may cause a negative impact on hydrology and that may lead to likely water conflict in the areas where the companies operate. However, with regards to waste management and carbon control, the study results show that the breweries exert at most effort in managing their waste. All the case companies have waste treatment plants to treat the waste water. In addition, it was found that in line with carbon control efforts, the case companies harvest (capture) carbon that comes out of the production process to use it as an ingredient in the making of beers. The interview response, which is obtained from the Ethiopian Ministry of Environment and
Forest, has also confirmed that the brewery sector is not a high carbon polluter in the country.

8.2.5. Towards the central research question

Based on the findings of the study, particularly in view of the answers generated to the specific sub-questions of the study (which make up the central research question of the study): What are the factors enabling and/or preventing the adoption of CSR practices and principles by companies operating in an LDC context? This specific section is devoted to sew up the findings of the study by providing a brief answer to the central research question.

Accordingly, in terms of this general question, the study revealed that implementing CSR in the local setting has benefits for the case companies in terms of improving image and reputation and it also contributes to achieving commercial benefits. These benefits serve as CSR enabling factors in the local context. In addition, the local operating companies are performing CSR in the local context autonomously, and this local autonomy to CSR implementation serves as an enabling factor. Nonetheless, the study findings still indicate that there are certain situations which affect the adoption of CSR in the local context, which are worth mentioning here:

- One of the major factors that deserve attention is the lack of a CSR law at national level that provides guideline for the businesses that operate in the local context to coordinate their CSR efforts in order to produce meaningful results. Even though there are environmental, labor, and human right laws at national level, there is lack of rigorous enforcement at operational level.

- The study findings also show that there is only limited awareness about CSR in the local setting, and as a result there is lack of organized pressure in the local setting from various sources such as major stakeholders (employees, local communities and customers, and farmers) and other secondary stakeholders (the public) such as NGOs, the media, and trade unions that demand the businesses to engage in more robust CSR practices. Most of the CSR engagements that the companies perform presently are based on the companies’ self-initiative only.

- The managers of the case companies and other experts from NGOs, government offices and academics, who were part of the research, indicated that the existing social problems are overwhelmingly vast and intricate in the local setting, which even makes
prioritization of the existing social problems extremely difficult. It was found that the intensity of the social problems is one of the challenging encounters in the implementation of CSR in the local context.

- Bureaucratic inefficiencies in government offices that slow the progress of the CSR engagements of the companies, as the companies usually need to get permission to implement certain CSR projects, such as getting a plot of land to provide access to clean water, to set up sanitation facilities, and other related practices that require getting a license from the concerned administrative body.

- Environmental CSR is not well developed in the local setting; most of the CSR engagements of the case companies focus on the social aspect of CSR; which makes the case companies’ engagement on environmental responsibility limited.

- The study results also reveal that the culture of CSR reporting is immature in the local context. CSR reporting is not well developed as a norm in the local setting.

- Another finding is that since the local operating companies are performing CSR in the local context autonomously, there is lack of CSR program enforcement at domestic level based on close follow-up by the parent companies of the MNCs operating in the local context. There is lack of direct involvement in terms of providing instruction and exerting pressure from the parent companies of the MNCs on the local CSR initiatives. More is expected in terms of transferring needed skills and providing necessary training to build up the CSR capacities of the local operating companies.

8.2.6. Gap analysis: towards contributing to a developing country CSR literature
Though studying CSR practices in developing countries is an interesting and relevant field of research, little empirical insights exist at present. “There is a dearth of research in CSR in the developing world, which is still in its primary stage,” (Tilakasiri, Welmilla, Armstrong, & Heenetigala, 2011, p. 1). Similarly, Visser (2008, p. 476) stated that “although the literature often frames the debate about CSR in a global context, there is very little empirical research on the nature and extent of CSR in developing countries.” Also the author expressed that CSR studies at the sector or corporate level from the developing world still remains scarce. Thus, this research on CSR practices of companies operating in the Ethiopian brewery sector contributes to fill this important gap. Further, as it was noted in the literature review chapter
that highlighted CSR practices in the developing countries and CSR in Ethiopia, as well as in the introductory chapter, where the theoretical grounding of the research questions is provided (see section 1.8), various CSR scholars (e.g. Dobers & Halme, 2009; Egri & Ralston, 2008; Frynas, 2006; Gugler & Shi, 2009; Idemudia, 2011; Jamali & Mirshak, 2007; Visser, 2008; Muthuri & Gilbert, 2011) shared that there is a regional gap in CSR literature that may leave the global/international understanding of CSR incomplete due to the fact that, for the most part, CSR literature is dominated by CSR studies from the West, or the developed part of the world. More so, regarding CSR studies in the study setting, it was discovered that such studies are extremely scant; in view of this, this research is the first substantial, empirical study on CSR practices of companies that operate in the country. Further, speaking of the regional gap, Visser (2008) mentioned that CSR studies in Africa are heavily dominated by South Africa.

Therefore, in this section, even though it is difficult to make generalizations based on case studies, this study will at least make an attempt to highlight the overall patterns of CSR practices that the studied companies perform in Ethiopia in a way that will contribute to filling the gap in developing country CSR literature. This will be done systematically by highlighting the major CSR practices that the companies perform for their stakeholders: shareholders, employees, local community, customers, suppliers (farmers), and the environment.

Accordingly, first, what are found to be the major CSR-related practices that the studied companies perform for their shareholders primarily include providing necessary information periodically or whenever required. Second, the major CSR practices that the studied companies perform for employees include providing health care coverage and accident insurance, implementing occupational safety and health standards and measures, and providing an annual bonus, holiday gifts, and training and education opportunities. Third, CSR for local communities takes different forms, including creating employment opportunities for locals; sponsoring social, cultural, sport, and entertainment events; promoting and sponsoring art and art-related works; facilitating access to clean water and sanitation facilities for vulnerable communities; administering scholarship programs to assist disadvantaged local students; building public schools; participating in women’s empowerment projects; supporting persons with disabilities and providing employment opportunities for them; extending support to street children; building houses for the poorest
of the poor; taking care of orphans; and executing HIV prevention, care and support programs. Fourth, the major CSR practices of the companies for customers include promoting responsible consumption by communicating responsibility messages and providing training on hygienic practices to major outlets. Fifth, CSR for farmers (suppliers) encompasses motivating farmers to improve productivity by distributing small farming tools to outstanding farmers, implementing contract farming with poor local farmers to build their capacity by facilitating access to credit and improved quality seeds, and by offering agronomical support and training, as well as by offering early (premium) prices to the farmers. Finally, environmental CSR practices that the companies perform cover activities including planting trees and/or participating in green and clean initiatives, waste water treatment plants to treat the breweries’ effluents, using part of the waste as fertilizer for the local farmers/communities, using byproducts such as spent grain to feed cattle in the local community, and collecting carbon (CO$_2$) to reuse it as an ingredient in the production process. Thus, for the most part the CSR practices focus on addressing social and economic challenges in the local context with limited environmental protection activities, unlike the CSR priorities in the Western world, which mostly focus on ethical concerns, with an emphasis on consumer protection, fair trade, green marketing, climate change concerns, and socially responsible investments (Dartey-Baah & Amponsah-Tawiah, 2011; Visser, 2008).

8.3. Reflection on the Major Findings of the Study in View of Extant Literature

This part provides a brief discussion on the major findings of the study in light of the extant literature, mainly following up on the theories that the study drew on in developing the theoretical foundations. In doing so, it will mainly reflect on the types of CSR practices that the study identified and CSR sources that made up the theoretical foundations. It will also reflect on the CSR constructs (stakeholder, legitimacy, and institutional theories) that informed the identification of the types of CSR practices that responsible businesses may perform and the CSR sources, among others. Besides that, it will also reflect on the benefits and barriers of implementing CSR. The aim is to revisit the literature and come to grips with what the findings of this research mean in light of the literature.

Accordingly, the first section highlights the contribution of this empirical study by discussing its role in response to calls for more CSR studies from the developing world. The second section provides highlights about the level of CSR understanding in the local context. The third section provides reflection on the types of CSR practices that were identified in the
theoretical foundations, and then the fourth section reflects on CSR sources, which the study relied on in assessing why the companies engage in CSR, in line with the major findings of the study. The fifth section provides a discussion about the major findings of the study in light of the CSR constructs (stakeholder theory, legitimacy theory, and institutional theory) that the study highlighted in the literature review, which played a role in informing the identification of the types of CSR practices to various stakeholders and CSR (sources) in the theoretical foundations. Finally, this part winds up by reflecting on the benefits and barriers of implementing CSR, with a brief comparison between what is said about it in the literature and what was discovered in this empirical study.

8.3.1. In response to calls for CSR studies from the developing world

This empirical research might be a contribution to calls from other authors (Utting, 2003; Egri & Ralston, 2008; Visser, 2008; Dobers & Halme, 2009), who indicated that there is lack of CSR studies from the least developed world and there is still a need for more CSR studies from this part of the world. Particularly, Utting (2003) shared that there is no substantial evidence and study about CSR in the developing world. The author argued that it is unfortunate that much of the evidence for and against CSR in the developing world is based on supposition, anecdotes and limited example of best or bad practices; and that there has not been sufficient systematic research on CSR in the part of the developing world. Moreover, Egri and Ralston (2008, p. 324) added that “most studied countries in international CR research have been economically developed countries in North America, Western Europe, and East Asia; there has been much less CSR research in the less developed and transitional economies of the world.” Moreover, Visser has suggested that CSR studies in this part of the world are interesting because the rationale for focusing on CSR in developing countries is different from CSR in the developed world as it will “present a distinctive set of CSR agenda challenges which are quite different to those faced in the developed world” (2008, p. 474); it has long been reiterated in the CSR domain that scholars and practitioners know very little about the CSR initiatives in developing countries (Blowfield & Frynas, 2005). In view of this need, this study can be considered as an original work that contributes to the knowledge of CSR studies from this part of the developing world. In other words, its theoretical contribution could be by way of extending CSR literature to less charted territories such as the part of the developing world where this study is situated. Besides, as the study utilized
novel dataset and implemented empirical methodology, this is also an important empirical contribution.

8.3.2. In view of CSR understanding in the local context

In terms of the prevalent CSR understanding in the local context, the findings of the study indicate that the CSR understanding of the managers and employees who participated in the study from the case companies aligns well with the meaning of CSR given in the existing literature. The existing meaning of CSR is that it is the responsibility of a business that goes beyond an economic role, which involves discharging environmental and societal responsibilities, i.e. causing no harm or damages (Fenwick & Bierema, 2008; Rigoberto Parada Daza, 2009; Robins, 2008). However, awareness about CSR among the general public, and even government and non-government institutions, is found to be limited. Furthermore, in spite of the lack of awareness about CSR, the findings indicate that the culture of helping one another has long been embedded in the cultural and religious foundation of the country even before the word CSR had emerged. The interview results of some of the respondents from the government offices, academics, and even the managers from one of the case companies, emphasized that the altruistic nature of the Ethiopian culture plays a role in this regard.

8.3.3. In view of types of CSR practices that the study identified

In terms of CSR practices that businesses perform, it was identified in the literature review and the theoretical foundations that CSR entails a business’s obligations or duties to its stakeholders (Vos, 2003), whereby businesses are expected to account for the interest of the society that they belong to and have to take the responsibility for the impact of their activities on stakeholders such as shareholders, employees, customers, suppliers, communities and the environment (Ali, et al., 2010; Argandoña & von Weltzien Hoivik, 2009; Corbett, 2008; Ismail, 2009). As such, businesses could use CSR as a medium to contribute positively to society, i.e. businesses could use CSR to make a constructive contribution to societal goals and expectations by accounting for different stakeholders’ interests (Serafeim, 2013; Ward, 2004) in order to make the society at large, the companies’ stakeholders, and the environment better off (Freeman, et al., 2006). In other words, it is noted that it is important that both internal CSR, i.e. welfare of workers and investors as well as external CSR i.e. welfare of society and local community should be carried on hand in hand if sustainable development of CSR is to be achieved (Jain & Jain, 2013).
With respect to CSR to shareholders (owners), the findings of the study uncovered that the common CSR activity among all the cases is providing the necessary information to their respective shareholders/owners. The study found out that, based on the interview results with the company managers, the companies strive to maintain transparent communication with their respective shareholders/owners and to provide the necessary information to their respective shareholders (owners) on a timely basis. This is in line with what is suggested in CSR literature that part of a business’s responsibility to its shareholders include transparent communication and information availability (Business Roundtable, 2002; Hong & Xiaoli, 2010; Ribstein, 2005). This is also mandatory pursuant to the case companies’ policies and corporate reporting obligations.

Regarding CSR to employees, the most common CSR practices that the case companies are undertaking towards their employees are providing health care coverage and accident insurance, implementing occupational safety and health standards and measures to provide safe and healthy working environment to their respective employees, annual bonus, holiday gifts, transportation service/allowance, and training & education opportunities that involve paying for employees education/tuition. However, there were serious concerns that the study identified in the brewery with regards to employment management: discrimination of employees, altercation between the employees’ associations and management (except in one company); a wide salary gap between employees and managers, and meager or no participation of employees in decision-making and major company programs such as CSR.

Concerning CSR to local communities, the common CSR practices that are undertaken by all the case companies for their respective communities are creating employment opportunities for disadvantaged locals, engaging in community dialogues to be part of the solution to problems that the communities encounter, sponsoring social, cultural, sport, and entertainment events, and make financial contributions to development projects.

With reference to CSR to customers, the findings indicate that the commonly claimed CSR practice that the case companies are carrying out towards their customers is promoting responsible consumption, which is a appreciated (by respondents drawn from the external stakeholders – academics, NGOs, and Government authorities) as a new phenomenon in the country’s context. Nevertheless, various critics from NGOs, academics, government authorities, and local communities adamantly uphold that the companies are not doing
enough in promoting responsible consumption in the local market. The responsibility messages are dubbed as rhetoric, which lack practicality. Moreover, even in regard of the case companies’ claims that their advertisements are honest and truthful, commentators harshly criticize that the breweries are engaged in aggressive advertising and promotional activities that comprise of enticing messages, indiscriminately among various age groups.

With respect to CSR to farmers (suppliers), it was found that two of the three companies work closely with local farmers towards sourcing locally and building the capacity of the small-scale farmers. Those companies, which work with the farmers, strive to improve the productivity (and hence) the income of the farmers by providing them financial, agronomical, transportation, and packaging support. There are, however, certain complaints disclosed by farmers. In the instance of one of the case companies (Case #2), the farmers that work with this company complained that they get unreasonably low prices, and whereas in the instance of another company (Case #3), some farmers (who are the suppliers to the company and live close to the company’s plants) complained about toxic waste releases by the company damaging the environment and killing their livestock.

With reference to CSR to the environment, it was found that the companies are not engaged in robust environmental protection activities and their environment protection activities are fragmented and sporadic. There are sharp criticisms from the NGOs, academics, and farmers with this regard. However, there are environmental protection activities that the case companies undertake. Among these, there are similar activities that all the case companies undertake; such as planting trees and participating in green and clean initiatives, waste water treatment plants to treat the companies’ effluent before release, using part of the waste as fertilizer for the local farmers/communities such as utilizing byproducts (for example spent grain to feed cattle) in the local community. In addition, specific initiatives entail germination and development of tree seedlings to help support reforestation efforts across the country, treatment of waste water so that the treated water can be used by local farmers for irrigation purpose, undertaking erosion control activities especially in the water catchment areas where the company sources its water, and recycle water for cleaning purposes as part of the company’s program to conserve water (Case #2) and reusing company’s waste to produce bio-fuel for energy source for cooking purposes in the company (Case #3). The study also found that the company in Case #1 is about to launch generating bio-fuel from the company’s effluents.
8.3.4. In view of the CSR sources that the study identified

The theoretical framework identified CSR sources as marketing strategy (the business case for CSR), corporate governance, corporate values, public pressures & expectations, laws, and stakeholders. Accordingly, this specific section reflects on these CSR sources in line with the major findings of the study. As indicated in the earlier chapters, the interview data contained responses from the company managers that explain from these angles why their respective companies are engaged in CSR.

With respect to CSR and Marketing Strategy (the business case for CSR), it was found that the companies’ CSR commitments have brought about certain benefits to the case companies involved. In this case, it was found that there are commercial and reputational benefits. This is in line with the idea set out in the theoretical foundations that there is a business case or benefits that one can achieve as a result of CSR (Carroll & Shabana, 2010; Kurucz, et al., 2008).

In view of CSR and Governance, it was indicated in the literature that there is a positive relationship between corporate governance and CSR, in which corporate governance is one mechanism to incorporate ethical and moral values that promote responsible business behavior in terms of promoting ethics and fairness, and integrating issues of corporate social responsibility, into the business of the company (Aras & Crowther, 2012; Beltratti, 2005; Denis & McConnell, 2003; Sjåfjell & Anker-Sørensen, 2013). Accordingly, from the viewpoint of CSR and governance, despite the claims by all the companies investigated that CSR is incorporated in their governance system and strategy, it was discovered that there are still case companies without a written CSR policy and code(s) of conduct. It is expected that CSR should not be a sporadic activity, there should rather be policies that indicate firm visibility of the CSR priorities and focus areas of a business (Murthy, 2007; Vuta, et al., 2007). Hence, not all the case companies duly profit from the benefits that integration of CSR in their governance systems offer.

Regarding CSR and Company Values, it was noted in the literature that CSR entails the set of moral duties to its stakeholders (Argandoña & von Weltzien Hoivik, 2009), hence CSR-related values must become deeply integrated into the management philosophy and organizational culture (Maon, et al., 2010). This is because “economic and legal obligations are a very narrow and incomplete version of CSR” (Sun, et al., 2011, p. 6). In connection,
Vives put forth that “laws and legal frameworks cannot address every aspect of corporate behaviour, and as a result ethical and moral behaviour which make up the corporate philosophy/values are essential elements of CSR. This is particularly true in the case of developing countries, which tend to have limitations in terms of enforcement” (2008, p. 221). Consequently, in a context such as this research was conducted, there are no national CSR guidelines/laws, and even existing laws are not well enforced. In such a situation, it is the core values that businesses uphold that will promote responsible corporate behavior. The study also found out that the case companies perform CSR activities in the local context predominantly based on self-initiative driven by their values.

Moreover, with respect to CSR and Public Pressures & Expectations, it was indicated earlier in the theoretical part that public pressures and expectations could influence businesses to consider socially responsible behavior. That is, besides a business’s capacity for understanding and undertaking CSR, there are conditions that influence businesses to consider socially responsible behavior. Some of these include pressures from local and international NGOs, civic society campaigners, trade unions, and media. CSR may also be performed in response to global CSR tools or initiatives and award schemes (Gjølberg, 2011; Ribstein, 2005; Ward, 2004). Nonetheless, in the empirical study it was discovered that there is no notable pressure upon the case companies from these groups that call for (more) CSR in the local context. It is indicated by the case companies that awareness of CSR is rather limited in the local context, and for the most part the companies are undertaking CSR voluntarily based on self-initiative. Moreover, any existing pressure from international NGOs on the parent companies of the two MNCs was not recorded as a driver to implement CSR in the local (study) context as per the information collected from the interviewees.

Although it is a new phase of regulation but a growing one, domestic laws/regulations are also identified as CSR sources (Bantekas, 2004; Lambooy, 2014). However, in investigating whether domestic law is a source of CSR in the study context, this study found out that there is no specific CSR law/guideline at national level in the study setting that requires businesses to do CSR, at least to do more than what national labor and environmental laws demand. The case companies have also confirmed that there is no a national CSR law/policy to follow in the local market. As a result, the case companies expressed that they engage in CSR voluntarily. However, it is noted that there are scattered national environment protection
laws, labor laws, human right laws, and anti-corruption laws that the businesses in the country are expected to abide by.

Finally, as for *CSR and Stakeholders* (primary stakeholders – shareholders/owners, employees, customers, the local community, suppliers/farmers and the environment), it is stated that responsiveness to a business’s primary stakeholders, both internal (such as employees & shareholders) as external (such as communities, suppliers, customers, environment) is a major consideration in a business’s CSR commitment (Venanzi & Fidanza, 2006; Vos, 2003; Werther & Chandler, 2010). In view of this it was found out that the case companies identified their primary stakeholders into such categories as employees, shareholders, local communities, farmers, and the environment. There are CSR activities that they undertake to both their internal and external primary stakeholders proactively. In other words, the managers of the case companies claim that they are undertaking CSR in the local context, mostly, towards their primary stakeholders (employees, customers, farmers, and local communities) proactively. Otherwise, the study result asserted that there are no strong, organized, pressures from both primary stakeholders and the public and/or secondary stakeholders in the local context demanding (more) CSR commitment from the part of the companies involved.

### 8.3.5. In view of CSR constructs: stakeholder, legitimacy, and institutional theories

In the literature review part, the study discussed the three main CSR constructs including stakeholder theory, legitimacy theory, and institutional theory, which contributed for the development of the theoretical foundations. As a result, the following paragraphs provide a brief reflection on these CSR constructs in light of the findings of the study.

As outlined in the literature review chapter, the *stakeholder theory* was introduced to facilitate exploring the various forms of the case companies’ stakeholders and investigating the CSR activities that the case companies perform towards their various stakeholders. This is in line with the idea that the stakeholder theory can be used as a basis to consider those groups towards whom a business has to be responsible (Al-Shubiri, et al., 2012; Moir, 2001). In other words, the descriptive, instrumental, and normative aspects of stakeholder theory suggested by Donaldson and Preston (1995) were helpful in describing the corporate characteristics of the case companies under investigation by explaining, for example, their CSR values and philosophies, and how they are managed in view of their governance system.
such as the level of global integration vs local responsiveness that the MNCs apply, and how the MNCs CSR strategies and ambitions are implemented in the local context (descriptive). Moreover, the stakeholder theory also contributed in justifying whether there exists a connection between the case companies’ CSR commitments and the achievement of traditional corporate objectives (instrumental), whereby the studied case companies affirmed that by engaging in CSR to a number of stakeholders, they managed to achieve traditional corporate objectives such as building company image and reputation as well as reaping commercial benefits and gaining acceptance in the local context. Further, the normative aspect of stakeholder theory, which underlines identifying the moral or philosophical guidelines for the operation and management of corporations, was also a useful perspective to identify the ethical (moral) responsibilities that the case companies uphold in their operation. Accordingly, the case companies rely on their core values to discharge their ethical (moral) responsibilities given the fact that there is no a specific CSR law or guideline in the study setting. The company in Case #3 has a well-developed and written code of business conduct towards this goal, and there are also case companies which inculcated such core values only implicitly, without written codes. In short, the stakeholder approach was found to be useful and this study shares the view that the stakeholder perspective is an unavoidable approach if “one wants to discuss and analyze CSR studies” (Branco & Rodriques 2007, p. 5). This is also in line with what Park and Ghauri (2015) claimed that stakeholder theory provides an overarching theoretical lens to assess a corporation’s CSR commitments to stakeholders.

The second CSR construct is the legitimacy theory, which fosters the idea that engaging in CSR activities contributes to achieving legitimacy and it helps businesses to build corporate reputation and image (Abdullah & Aziz, 2013; Handelman & Arnold, 1999; Windsor, 2012). The study has confirmed that CSR is used as a tool among the case companies to achieve legitimacy and improve acceptance. Park and Ghauri (2015, p. 194) indicate that “compared to developed markets, emerging economies are relatively uncharted territories for most MNEs, and thus they may need to try to overcome the institutional distance and reduce these costs related to liability of foreignness by engaging in local CSR activities” – an approach to address the challenges of legitimacy.

The third CSR construct that was identified in the literature review was the institutional theory; which is believed to be useful to explore CSR by investigating what types of
institutions affect the corporations under the study. This theory states that institutions influence behavior by applying institutional pressure, and institutions have normative expectations about behavior. The way how an actor reacts upon institutional pressure has an impact on its possible future performance, and organizations that apparently best fulfill the demands of the most powerful institutional actors, are likely to perform the best (Campbell, 2006; Doh & Guay, 2006; Gössling, 2003). However, in the particular setting of this study, there exists no notable institutional pressure or condition that compels the case companies to act in a socially responsible way. There exists no national CSR framework or guideline for the businesses operating in the country. Moreover, awareness about CSR in the local setting is very limited. The case companies that have been part of this study are undertaking CSR activities solely based on self-initiative. This finding affirms that a business can still engage in CSR without the presence of strict institutional conditions.

8.3.6. In view of CSR benefits and barriers

It is indicated in the literature and the theoretical framework that implementation of CSR by businesses has both benefits and barriers. Some of the suggested benefits are cost and risk reduction, achieving operational efficiency, achieving competitive advantage so that the business can perform better financially, building and defending reputation and legitimacy, promote innovation and help improve the welfare of society (Keinert, 2008; Kurucz, et al., 2008; Zadek, 2000). Meanwhile some of the barriers/challenges include lack of community participation in CSR activities, need to build local capacities, issues of transparency, non-availability of well-organized non-governmental organizations, visibility factor, narrow perception towards CSR initiatives, non-availability of clear CSR guidelines, and lack of consensus on implementing CSR issues (Berad, 2011). Accordingly, the major CSR benefits in the local setting are found to be achieving reputation, building company image, and commercial benefits. Meanwhile, the major challenges are lack/limited awareness about CSR in the local setting, overwhelming social problems, bureaucratic inefficiencies in government offices, and absence of a CSR framework at national level. In connection, it is worth to note that the interview answers of the companies’ managers produced general responses regarding the benefits and barriers of implementing the entire CSR packages of their respective companies. There is no specific item by item list of the benefits and barriers of implementing each and every CSR practice that they do.
8.4. Emerging Issues of Significance

In terms of emerging issues of significance, a few issues emerged from the empirical studies that deserve additional discussion. The first one relates to the interactions of the brewery sector (and the case companies) with NGOs and the media in the local setting. The second issue is about the application of international CSR tools in the local context, and the third issue relates to the relationship between CSR and the altruistic Ethiopian culture.

8.4.1. The interaction between the brewery sector and NGOs & media

In the assessment of public pressures & expectations that could possibly influence businesses to do (more) CSR in the local context, particularly with regard to the local influences such as pressures from NGOs and the media, a couple of striking findings emerged. One is that while NGOs are normally expected to influence and put pressure over companies to do more good and demand them to engage in (more) CSR, it is rather the reverse that is happening in the local context. It is noted that some NGOs that the researcher contacted in the course of the study and have working relationships with the case companies under investigation in particular, and the brewery sector in general, were struggling to freely give their opinion about the brewery sector. There were even some NGOs, which indicated that they wanted permission from the companies that they partner with, to give interview answers to questions that were not even company specific but are pointed at the brewery sector in general. A typical reaction was that “as the company is our donor, we have to get permission from the company to talk about the sector it belongs to.” This was an awkward moment for the researcher to observe that an NGO, which is expected to be an activist and a campaigner of change, downsizes its role and compromises its freedom of speech because of fear of losing donations from the companies that operate in the local area if it speaks about their industry. It may not be so surprising but it is definite that roles are switched; here the business that partners with the NGOs influences the NGOs, not the other way round.

The other striking finding is related to the media. Although like the NGOs, the media is expected to influence businesses to do more good (more CSR), in the study context, the media is one of the collaborators by offering a platform/media outlet for the companies’ aggressive and indiscriminate (of age) promotion and advertisements. It is noted that the major media outlets of the country received a warning letter from the Ethiopian Broadcasting
Authority over worries related to irresponsible beer promotion in the country\textsuperscript{11}. It is striking that while the media is expected to play a positive role by influencing businesses to behave responsibly, what is going on in the study context, is that the media cooperates with the aggressive and enticing advertisement strategies of the companies from the brewery sector. A number of interviewees have also criticized the aggressive and alluring advertisements of the companies. This is definitely an indicator that the case companies, particularly those MNCs which are believed to have expansive global experience with responsible interaction with NGOs and the media, are exploiting local weaknesses and gaps only for the interest of business. Even if such could still be considered as something happening elsewhere too, its negative impact is somehow serious in the local setting where awareness about CSR and responsible alcohol consumption is very limited. In such arena of a fledgling CSR awareness among the society, instead of building the capacity of NGOs and the media that are thought to be the voices of local communities to promote and demand for serious CSR efforts across various business sectors in the country, the manipulation and the exploitation of their weaknesses by prominent companies operating in the local context stifles the development of CSR awareness and the envisioned pressures that such NGOs and the media are expected to shed upon businesses towards responsible behavior.

\textbf{8.4.2. CSR and international CSR initiatives/tools}

Another emerging issue of significance that the research findings discovered is regarding the application of international CSR tools in the study context. Particularly, one of the case companies vehemently challenged the applicability of international CSR tools in the local context based on the claim that circumstances are unique here. The shared view of importance is that the existing socio-economic problems are unique in the country, and as such it requires local approaches and the use of indigenous wisdom to address those unique problems. In other words, the company completely dismisses the idea of implementing international CSR frameworks/initiatives based on the claim that the local context is totally a unique setting and no international CSR framework/initiative fits perfectly to CSR demands in the local setting. The company upholds that it instead uses, among others, indigenous approaches and wisdom to plan and execute its CSR practices.

\textsuperscript{11} Further details about the warning letter of The Ethiopian Broadcasting Authority, see Fortune Newspaper, Ethiopian Business News- from the largest English weekly in Ethiopia available at http://addisfortune.net/articles/broadcasters-warned-over-beer-promotions/, retrieved on 19 April 2016.
8.4.3. CSR and the altruistic Ethiopian culture

A third emerging issue of importance is what is indicated by respondents regarding the link between CSR and the altruistic Ethiopian culture. The interview results indicated that the altruistic Ethiopian culture also plays a role in nurturing a value to give back to the society, which is asserted as the most important CSR values of the case companies. The interview data of the companies’ managers, NGOs, academics and government officials reveal that in the local setting, the country has a major, deep rooted culture that is characterized by helping one another and sharing. The sense of responsibility to others is part of the creed and culture of the country and it is asserted that despite the evolution of CSR terms and terminologies, social responsibility to one another has been an age old practice that is embedded in the country’s cultural practices and values. Some of the interviewees stated that people lived here for centuries helping each other in difficult circumstances even before the advent of businesses. It is averred that the locals have their own traditional practices such as Equb and Edir\textsuperscript{12} that aim to tackle part of social problems. A position that upholds the value to support and give to others is at the center of the altruistic culture of Ethiopians.

8.5. Discussion of the Significance and Scope of the Study

In terms of the significance of the study, it was indicated in the first chapter that this study could be a contribution to the broader knowledge of CSR by bringing in empirical evidence that highlights CSR practices from a part of the developing world. This is in line with what a number of authors have been calling for; i.e. more empirical studies are needed that can illustrate the CSR practices that companies undertake in the developing world. In other words, it was reiterated that there is lack of substantial empirical evidence and study about CSR in the developing world, and there was always a call for considerable and organized research on CSR from the part of the developing world.

Thus, this empirical study could be a contribution to fill the knowledge gap regarding CSR studies from this part of the world. In other words, as stated earlier in this chapter, its theoretical contribution could be extending CSR literature to less charted territories such as the part of the developing world where this study is situated. This study will have a valuable

\textsuperscript{12} Equb and Edir are cultural cooperatives that are widely accepted in Ethiopia. They are a form of indigenous informal financial institutions. Equb is a rotating saving and credit association, whereas, Edir mainly supports family members on the death of the member or the relative of the member. Details available at http://www.globenet.org/, http://stud.epsilon.slu.se/3995/, retrieved on 25 May 2015.
contribution to fill the theoretical gap in CSR in relation to CSR phenomena in the developing world, which is mainly attributed to the lack of substantial CSR studies from this part of the world. Besides, the theoretical foundations that this study identified to illustrate common CSR practices to a business’s main stakeholders, the sources of CSR, and the benefits and barriers/challenges involved in implementing CSR could also contribute to the theoretical understanding of CSR in general. Moreover, as the study utilized novel dataset and implemented empirical methodology, this also entails a valuable empirical contribution. In view of this, this research could be a contribution to theoretical and empirical understanding of CSR by expanding the wider CSR field with insights from a different contextual perspective.

In terms of scope, this empirical study was undertaken in the context of a developing world and it relied on empirical data, which is mainly collected through in-depth interviews with a range of entities and individuals including the case companies investigated, government ministries, commissions & bureaus, NGOs, employees that work in the selected case companies, farmers, and academics. The study did not only illustrate the CSR practices of the case companies under investigation, but it has also provided extensive discussion about the institutional and legislative context of the study setting by highlighting the legislative context as well as the socio-cultural, political and economic context in the study setting. This is useful to illustrate the existing level of CSR understanding in the study setting.

Further, the researcher aspires to promote CSR in Ethiopia, and is interested to establish a CSR Center in order to foster CSR in the country and promote academic research in this field. In view of this, the finding of the study will contribute to the researcher’s ambition of promoting CSR practices in the country, where there are numerous social problems coupled with declining environmental conditions. Indeed, companies that operate in the country are expected by the society and their stakeholders to work more towards alleviating severe social problems and engage in robust environmental protection activities.

8.6. Study Limitations, Direction for Future Research and Policy Implications
In terms of limitation, this empirical study considered a single sector, i.e. the brewery sector in Ethiopia. Thus, future researchers could take this opportunity to augment and enlarge the scope by investigating CSR practices in the broader range such as taking the manufacturing sector of the country as a whole, so that this would provide an industry-wide CSR outlook in the Ethiopian context. This study also paves the road for further researchers. Its results enable
to cross-compare CSR practices across various industries in the country to provide a more detailed outlook about CSR in Ethiopia. Moreover, this research is an initial assessment of the CSR practices in the brewery sector in Ethiopia. Thus, the findings of this study could be considered as a steppingstone to further monitor the development of CSR in the studied sector as “the future of CSR is always relevant to consider” (Carroll, 2015, p. 94).

Capitalizing on this present research and conducting further assessment to monitor the progress of CSR in the studied sector is also in line with contemporary global research programs such as the EU’s Horizon 2020 to “complete and further develop” such studies (Horizon 2020, 2016). Similarly, as most CSR studies focus on topics that partly cover themes in which the Sustainable Millennium Development Goals (SMDGs) is founded upon – “creating conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources” (see UN General Assembly, 2015) – further investigation of CSR progress in the brewery sector as well as other sectors in the country would have its own assessment outcome towards the envisioned 2030’s Sustainable Millennium Development Goals.

Moreover, in terms of policy implications, the present finding indicates that there is lack of a CSR policy at national level in Ethiopia that provides guidelines for businesses operating in the country to promote, channel, and coordinate CSR commitments. Such a CSR policy inducted at national level could give a level ground and “would apply to and be enforceable against all business, not just those companies which voluntarily choose or are pressed by brand vulnerability to adopt it. It would be fairer, making a level playing field for business, it would have legitimacy, based on and providing due process of law, most importantly it would be more effective” (McBarnet, 2007, p. 27). This is to imply that induction of a CSR law in the local context could be an important consideration, as laws (government regulations) could have a greater influence and effectiveness in CSR than other options such as business self-regulation and pressures from NGOs and markets (Vogel, 2006).

Likewise, Knudsen, Moon, and Slager (2015, p. 2) argue that “the strict assumption of voluntarism as the sine qua non of CSR has diminished” and they propagate the importance of the introduction of government policies for CSR.
Finally, at business level, although the examined case companies are the pioneers to introduce CSR in the Ethiopian business landscape, since the local operating companies are performing CSR in the local context autonomously, there is lack of robust CSR program enforcement at domestic level based on close follow-up by the parent companies of the MNCs operating in the local context. In other words, there is lack of direct involvement in terms of providing instruction and exerting pressure from the parent companies of the MNCs on the local CSR initiatives. More is expected in terms of transferring needed skills, encouraging openness and transparency, and providing necessary training to build up the CSR capacities of the local operating companies.
References


References


References


References


References


References


References


References


References


References


240
References


References


References


References


Appendices

Appendix 1: Managers’ Interviews Schedule

I. Respondent’s Demographic Profile

Institutional affiliation__________________________________________
Gender________________________________________________________
Age___________________________________________________________
Occupation/Rank________________________________________________
Completed/ongoing educational attainment________________________
Years of service at present work_______________________________

II. Guided Interview Questions

Section A. Overall Idea about CSR practices

• What is your overall understanding of CSR?
• What CSR practices/activities do you perform?
• How does CSR function in your company?

Section B. The Motivations and Influences to CSR

General

Why do you undertake CSR in the local context? (Probing – What are your drivers (the motivation) to undertake CSR?)

CSR and Marketing (The Business case)

• Do you think there is a business case for CSR for your company’s engagement in CSR in the local context? (Probing – if so, why does your company engage in CSR activities from the perspective of the business case for CSR?)
• What is the role of the parent company in motivating you to engage in CSR in the local context?
• What have you achieved for your business by engaging in CSR?
CSR and Governance

- Is corporate governance the source of CSR for your company?
- If so, what corporate governance mechanisms do you apply towards CSR?
- How do you observe the mission and vision of your organization in line with your CSR practices?
- Who is obliged to take care of CSR within your company?
- Who do you report your local CSR activities to?

CSR and Company Values

- How do you describe the CSR values in your organization? (If any)
- If there are such CSR value(s), are those values the source of CSR for your company?
- What societal and ethical obligations do you think your business has to build a better society by assuming responsibilities that go beyond limited legal and economic obligations?

CSR and Public Pressures & Expectations

- How do you judge local pressures and expectations upon your company for more CSR commitments in the local context?
- What international pressure(s) or CSR initiatives (CSR tools) do you observe and strive to apply? Why?
- Do you think pressures from local sources and international CSR initiatives (CSR tools) are a CSR source for your company?

CSR and the Law

- What national law enforcement do you have to comply with regarding CSR in the local context?
- What semi-legal requirements do you have to abide by as part of your internal mechanisms?
- How do you evaluate your company’s participation in public policy dialogue?
- Do you think the law/domestic regulation serves as a CSR source for your company?
CSR and Stakeholders

Overall idea about CSR and Stakeholders

- Who are your stakeholders and/or stakeholder groups?
- Are stakeholders a CSR source for your company; if so why/how?
- Which stakeholder do you mostly target to carry out your CSR activities?
- What kind of stakeholder dialogue do you maintain in your company? If any?

Any other motivation (CSR driver/source) rather than the points highlighted above

- Is there any other reason why your company engages in CSR other than the areas we discussed above?

Section C. CSR Practices to various Stakeholder Constituencies

C-1: Companies CSR Practices towards Shareholders

- What CSR practices does your company undertake towards shareholders?
- How do you evaluate the transparency of communication that the company employs with its shareholders (and also other stakeholders)?
- How often do you produce the information needed by shareholders?

C-2 Companies CSR Practices towards Employees

- What specific CSR practices do you undertake to your employees?
- How fairly and equitably do you think your employees are treated?
- How do you describe the compensation and benefits packages that you offer to your employees?
- How do you explain the openness of management to employees?
- What efforts do you put in place to provide attractive career opportunities to your employees?
- How do you judge the role of your company in encouraging employees to form associations or unions?

C-3. Companies CSR Practices towards Local Communities
Appendices

- What CSR practices do you undertake to improving social welfare/ to improve the livelihood of local communities?
- What efforts have you been exerting to promote awareness of health, safety and international issues that relate to the specific types of business in which your company is engaged in?
- How do you explain your company’s engagement in dialogues with community groups?

C-4. Companies CSR Practices towards Customers

- What customer-oriented CSR practices do you undertake?
- What efforts do you exert to (increase) consumer information availability?
- How do you judge your commitment to truthful advertising? And advertising to children?
- How do you educate your customers to reduce the environmental cost of using your product?

C-5. Companies CSR Practices towards Farmers

- What farmers-oriented CSR practices do you undertake?
- What do you do to enhance farmers’ productivity and welfare?
- What do you do to optimize transportation with farmers and in the supply chain?
- What efforts do you employ to reduce packaging costs with farmers and in the supply chain?

C-6. Companies CSR Practices towards the Environment

- What CSR practices do you undertake in protecting the environment?
- How do you conserve water/ water resource?
- What mechanisms do you use to convert waste to fuel or any other use, if any?

Section D. Benefits and Barriers of CSR Implementation in the Local Context

- What benefits do you think implementing CSR (would) have brought about for your company in the local market?
Appendices

- What barriers do you face in implementing CSR in the local context?

Section E. Implementation of International CSR Strategies (and ambitions)

- How do you implement your international CSR strategies (ambitions) in the local context?
Appendix 2: Employees’ Interviews Schedule

I. Respondent’s Demographic Profile

- Institutional affiliation
- Gender
- Age
- Occupation/Rank
- Completed/ongoing educational attainment
- Years of service at present work

II. Guided Interview Questions

- What’s your understanding of CSR?
- How do you explain your involvement in the CSR practices of your company?
- How, as an employee, do you think you influence the CSR programs of the company?
- What specific CSR practices are particularly geared towards employees?
- How do you feel about being treated fairly and equitably in your company?
- How do you feel about the compensation that you receive from your company?
- How do you feel about the benefits packages that you receive from your company?
- How do you explain the openness of management to employees?
- How respectful is the management to your suggestions and grievances?
- How do you evaluate career opportunities/prospects in your company?
- How do you evaluate your company’s commitment to nurture employees’ talents?
- Do you have access to medications? (and other related benefits, if any?)
- How safe is your workplace?
- How healthy is your workplace?
- How supportive is the company’s management to you to form associations or participate in any existing association?
- How do you evaluate the occurrence of accidents in your company? (Were there major accidents that happened in your organization? Industrial accident/ road accident?)
Appendices

- Do you think employees’ are well represented in the company? (Are there employees’ representative body? Or co-determination body such as the labor union? If so, what are their roles?)
- How about strikes? Were there any strikes? If yes, how was it resolved?
- What kind of medical coverage are you provided? (Health insurance, free medical checkup, medical insurance, medical coverage and preventive medical checkup?)
- How about medical checkup for family members of employees, does the company provide you this benefit?
- Is there any family medical care?
- What kind of child care services are offered to the children of the workers, if any?
- Can nursing mothers, who are also employees bring their children to workplace? (Probing – Is there a separate room for these kinds of employees to breastfeed their children?)
- How about rest rooms, are there separate toilets for men and women in the company?
- How about the prevalence of discrimination in the company? (Probing – Is there any discrimination in the company such as between man and women, or discrimination based on any other background such as minority, tribal, etc…?)
- Are there safety notices in different languages?
- How is the situation in your company related to encouraging employees to volunteer in other organizations?
- What aspects do you think in the employment relationship with your company still need improvement?
- What worries do you have concerning your company/any dissatisfaction?
Appendices

Appendix 3: Government Authorities’ Interviews Schedule

Ethiopian Ministry of Justice and Ministry of Trade

I. Respondent’s Demographic Profile

Institutional affiliation_________________________
Gender_________________________
Age_________________________
Occupation/Rank_________________________
Completed/ongoing educational attainment___________
Years of service at present work____________________

II. Guided Interview Questions

• What is your understanding of CSR?

• What social responsibilities do you expect businesses operating in the country need to discharge?

• How do you explain the legal framework with respect to CSR of businesses in Ethiopia? (Probing – What national law enforcement do you have that require or guide businesses to comply with regards to CSR? Any Ethiopian government policy/law on CSR)?

• What environment protection policy (policies) do you have?

• What labor laws do you have the require businesses to adhere to?

• What anti-corruption laws do you have?

• What could you tell me about human right laws in the country, particularly, related to business operations?

• Is there alcohol policy in the country? (Probing – any policy or law that relates to alcohol or norm in alcohol drinking in the country?)

• What international laws and frameworks have you endorsed that also affect businesses operating in the country?
Appendices

- What specific legal requirements do you have towards the brewery sector?
- How do you judge firms that operate in the brewery sector for their compliance with legal requirements?
- Were there any major incidents or litigations known thus far related to the brewery sector?
- Do you have any worries concerning the activities/business practices of the breweries?
Appendices

The Ethiopian Ministry of Labor and Social Affairs

I. Respondent’s Demographic Profile

Institutional affiliation______________________________
Gender___________________________________________
Age____________________________________________
Occupation/Rank__________________________________
Completed/ongoing educational attainment ___________
Years of service at present work____________________

II. Guided Interview Questions

• What is your understanding of CSR?
• What social responsibilities do you expect businesses operating in the country may have to discharge?
• What requirements do you have that calls upon businesses to abide by from social/labor affairs perspectives?
• What do you promote and require businesses to do in line with social/ labor practices?
• How do you judge the firms in the brewery sector for their practices that relate to social and labor affairs?
• Were there any major incidents that have connection with social/labor issues known thus far in the brewery sector?
• What social/labor-related worries have you observed in the brewery sector, if any?
The Ethiopian Ministry of Environment and Forest and Addis Ababa Environmental Protection Authority

1. **Respondent’s Demographic Profile**

   - Institutional affiliation______________________________
   - Gender___________________________________________
   - Age____________________________________________
   - Occupation/Rank________________________________
   - Completed/ongoing educational attainment____________
   - Years of service at present work___________________

2. **Guided Interview Questions**

   - What is your general perception about [corporate] social responsibility of businesses?
   - What environment protection policies do you have?
   - What do you require businesses in the country to do in protecting the environment? (Probing – What environment-related responsibilities do you expect businesses operating in the country need to discharge?)
   - How do you explain the activities of the firms in the brewery sector towards protecting the environment?
   - How do you evaluate the firms practice in the brewery sector with respect to conserving water/water resource?
   - What do you feel about the environmental footprint of the firms in the brewery sector?
   - What positive achievements have you noticed in protecting the environment from the brewery sector, if any?
   - What environment-related worries have you observed in the brewery sector, if any?
The Ethiopian Federal Ethics and Anti-Corruption Commission

III. Respondent’s Demographic Profile

- Institutional affiliation__________________________
- Gender__________________________________________
- Age____________________________________________
- Occupation/Rank________________________________
- Completed/ongoing educational attainment____________
- Years of service at present work____________________

IV. Guided Interview Questions

- What is your understanding of CSR?
- What CSR activities do you expect businesses operating in the country need to discharge?
- What anti-corruption laws do you have governing businesses in the country?
Ethiopian Human Rights Commission

I. Respondent’s Demographic Profile

Institutional affiliation______________________________
Gender__________________________________________
Age____________________________________________
Occupation/Rank__________________________________
Completed/ongoing educational attainment______________
Years of service at present work____________________

II. Guided Interview Questions

• What is your understanding of CSR?

• What social responsibilities do you expect businesses operating in the country need to discharge?

• How do you explain the human right laws that exist in the country?

• What international human rights laws or frameworks does Ethiopia endorsed/adopted?

• Has there been any known human right violation in the brewery sector of Ethiopia?
Appendix 4: NGOs’ Interviews Schedule

I. Respondent’s Demographic Profile

- Institutional affiliation
- Gender
- Age
- Occupation/Rank
- Completed/ongoing educational attainment
- Years of service at present work

II. Guided Interview Questions

- What is your understanding of CSR?
- What is your general perception about the presence and operations of the breweries in different parts of the country?
- What are the social benefits of the breweries that you are aware of? (What does the community benefit from it? What positive and negative impacts does it have on local communities)
- Are you aware of any commitment that is undertaken by the breweries (any of the breweries that you have the information about to improve the livelihood of their respective local community?)
- Are you aware of any environment protection activities undertaken by the breweries? (How do you explain the breweries’ activities towards environmental protection?)
- What do you think should be improved pertaining to what the breweries are doing for their respective local communities?
- Do any of the breweries engage in dialogues with you? If so, what aspects are discussed and resolutions are reached?
- Are there any worries concerning the breweries? (Probing -- related to alcoholism, responsible drinking, land grabbing, labor exploitation, unfair competition, insufficient consumer information?)
Appendix 5: Farmers’ Interviews Schedule

I. Respondent’s Demographic Profile

Institutional affiliation______________________________
Gender___________________________________________
Age____________________________________________
Occupation/Rank_________________________________
Completed/ongoing educational attainment____________
Years of service at present work____________________

II. Guided Interview Questions

- What does the company/the brewery sector does to enhance your productivity and income? (Probing – What support did you get from the company that you work with?)
- What have you benefited working with the company/the brewery sector?
- How does the company assist you in identifying, publicizing and rewarding greener alternatives to inputs? (organic farming, level of pesticides, amount of fertilizers)
- What problems occur in your area (e.g. dry or soil is depleted), and is there any assessment of the area by the company or the brewery sector?
- How is the company/the sector’s interaction with the nature, any positive or negative impact (e.g. on animals, national parks, land grabbing…)?
- Does the company help you in any way to ensure your ownership of your land?
- What does the organization assist you in optimizing transportation of the inputs (i.e., the barley that you produce) to the factory?
- What packaging-related support do you get from the company that you work with?
- What worries do you have concerning the activities of the company? (Probing – anything that does not please you working with the company?)
- What more do you expect from the company in your business relationship?
Appendix 6: Academics’ Interviews Schedule

I. Respondent’s Demographic Profile

- Institutional affiliation______________________________
- Gender___________________________________________
- Age_____________________________________________
- Occupation/Rank_______________________________
- Completed/ongoing educational attainment____________
- Years of service at present work____________________

II. Guided Interview Questions

- What is your understanding of CSR?
- What is your general perception about the presence and operations of the breweries in different parts of the country?
- How do you evaluate the brewery sector of Ethiopia for its CSR practices?
- What do you think should be improved pertaining to what the breweries are doing?
- What worries do you have concerning the breweries/brewery sector?
Appendix 7: Empirical Cases – Individual Case Studies

Overview

This part presents the individual case studies of the three case companies under the study. It presents the findings of the study in accordance with the research questions by presenting the results of the empirical case studies, singly. Accordingly, this section is allotted to explain and interpret the results of the interviews with the managers and employees of each of the case companies. It is believed that this individual case analysis will provide insights on the CSR practices of the case companies under investigation. The analysis is done in light of the research questions of the study and the theoretical foundations of the research as well as on the basis of CSR theories outlined in the literature. As a starting point, it is worth outlining the research questions of the study:

Central question:

What are the factors enabling and/or preventing CSR practices and principles from being adopted in companies operating in an LDC context?

Sub-questions:

(1) What CSR practices do the selected breweries undertake?
(2) Why are they doing it?
(3) What are the benefits and barriers of implementing CSR in the local context?
(4) How are the international CSR strategies (and ambitions) of the international companies implemented in the LDC context?

In order to answer the questions, the analysis will follow three levels. Level I: Local Situation; Level II: TNC CSR ambitions and goals; and, Level III: Integrating all the findings and result of the interviews and the study into answering the central research question (see the comparative analysis, and conclusion and discussion chapters)

Level I – local situation

Level I of the analysis presents answers to the first three of the four research questions. The first research question is what are the CSR practices that the breweries undertake? The second aspect of analysis is answering why are the breweries engaged in CSR? This leads to
the third research question which deals with exploring the benefits and barriers of implementing CSR in the local area; the specific research question being – what are the benefits and barriers of implementing CSR in the local context? The following paragraphs elaborate on these research questions and how they will be answered.

**Research question 1 – What CSR practices are the selected breweries undertaking?**

In order to answer the research question of what CSR practices the selected breweries are undertaking in the local context, the analysis utilized the interview data collected from the companies’ managers, employees, farmers, NGOs, and experts from government offices.

**Research question 2 – Why are they doing it?**

With respect to answering the second research question, which is exploring why the breweries are engaged in CSR, the managers of the case companies were asked questions that relate to why their companies engage in CSR from the six perspectives identified in the theoretical foundations of CSR and Marketing strategy (the business case for CSR), CSR and Governance, CSR and values, and CSR and Public Pressures & Expectations, CSR and the law, and CSR and stakeholders. The interview data contains responses from the company managers that explain why their respective companies are engaged in CSR from these angles. In this respect, it is worth indicating at the outset that the company managers opted to provide a general response why they engage in CSR from the stakeholders’ perspective instead of segregating between internal and external stakeholders. Therefore, the result with respect to internal and external stakeholders is combined together under the topic - CSR and stakeholders, for the analysis.

**Research question 3 – What are the benefits and barriers of implementing CSR in the local context?**

With regards to answering this question, interview answers provided by the company managers in the data set explain the benefits and barriers of implementing CSR. There were two specific questions that the respondents were posed, with the intention of exploring the benefits and barriers of implementing CSR. The specific interview questions were: (1) What benefits does implementing CSR have for your company in the local market? (2) What do you suppose to be the barriers to your CSR initiatives? The interviews with the company managers produced general responses regarding the benefits and barriers of implementing the entire CSR packages of the respective companies. The respondents did not provide specific
item by item list of the benefits and barriers of implementing each and every CSR practice that they do.

**Level II- TNC CSR ambitions and goals**

Level II of the analysis focuses on two major aspects. First, it identifies the ambitions and goals of the parent companies of the international companies. In doing so, major goals per each TNC (Case #1 and Case #3) are identified primarily based on the review of the companies’ documents (all are public information). This helps get the necessary information to answer the fourth research question, which is how are the international CSR strategies (and ambitions) of the international companies implemented in the local context. Second, it displays results on how those ambitions and goals are implemented locally. The information for this is obtained from document studies and interview answers. That is, based on the information from the interview data and the companies’ documents, this section analyzes how and to what extent the CSR ambitions/goals are implemented locally in the subsidiaries that operate in Ethiopia. In other words, the second level of the analysis focuses on answering the fourth research question, which is how are the international CSR strategies (and ambitions) of the international companies (Case #1 and Case #3) implemented in the local context?

**Level III**

Level III of the analysis integrates everything to answer the central research question of the study that is - what are the factors enabling and/or preventing CSR practices and principles from being adopted in companies operating in an LDC context? The third layer analysis performs comparative analysis across the cases, which contains the comparative analysis of the individual case studies (see Chapter 7). In other words, the comparative analysis provides the final layer of the analysis (Level III) with the aim to integrate all the analysis results provided in the preceding two levels (Level I and level II) towards answering the central research question of the study.

In summary, this part provides the findings of each case separately in accordance to the levels described above. Towards this end, the results of the study will be presented in a case by case fashion for all of the three cases, Case #1, Case #2, and Case #3. While presenting the analysis of each case, that is in the within the case analysis, the interview results with the company managers and employees are displayed. Overall, besides the interview responses,
desk research on the legislative and institutional context of the study setting and desk research information obtained from the companies’ documents are found to be useful in conducting the analysis and answering the research questions.
Analysis of the CSR Practices of Case #1

1. Level I - Local Situation: Case #1’s Local CSR

In this first level of the analysis of Case #1’s CSR, three of the research questions pertaining to the CSR practices of the company are addressed. The first part of the analysis answers the question, what CSR practices is Case #1 undertaking. The next consideration is to answer why the company undertakes CSR practices, and, finally, the third research question concerning what are the benefits and barriers of implementing CSR in the local context.

Research question 1 – What CSR practices do the selected breweries undertake? Case #1

The first part of this section looks up the CSR practices of first case company (Case #1). The results will first display the CSR practices of the company as claimed by the managers and then it is followed by the triangulation of the responses from employees, NGOs, government authorities, farmers and academics with respect to the CSR practices the companies are engaged in. While the responses of the managers, the employees, and farmers could be made specific to each company under consideration, the responses from other external stakeholders including the government authorities, NGOs, and academics are analyzed in aggregate in Appendix 9 as the responses provided by these external stakeholders are pointed at brewery sector in general. From the perspective of analysis, the managers who were part of the interview from this case company are identified as M1 and M2, while the employees, who involved in the interview from this particular company, are identified as E1, E2, and E3.

To begin with, it was noted in the theoretical foundations that CSR is recognized as the responsible way of doing business which involves taking initiatives to be responsive to the needs of stakeholders in order to offer social and environmental benefits to those stakeholders including shareholders, employees, customers, local community, suppliers (such as farmers), and the environment (Bondy, et al., 2012; Ho, 2013; Sjåfjell, 2011; Sprinkle & Maines, 2010). In view of this perspective, the study starts with exploring how CSR is taken in this particular company and then it attempts to assess what CSR practices the company is undertaking in order to answer the first research question of the study.

1.1.1. Understanding of CSR in the company

With respect to investigating the conceptual understanding of CSR in the company, the managers were asked in the interview a generalized question of how CSR is undertaken in
their company. The respondents’ revelation indicates that CSR is understood in the company as giving back to the society by identifying and working towards alleviating social and environmental problems. In response to the question, one manager responded,

“Irrespective of the relationship with our core business, whether it directly or indirectly supports our business or not, our company is engaged in social commitments” (M2).

Another manager responded as,

"We realize that we have the responsibility to the society and we have been discharging our responsibility from CSR perspective" (M1).

Thus, the above findings reveal that the managers’ understanding of CSR aligns with the meaning of CSR given in the literature that CSR encompasses social and environmental responsibilities of businesses (Davis, 1973; Fenwick & Bierema, 2008; Proença & Branco, 2014).

1.1.2. CSR Practices that the Company Performs

In view of what CSR practices the company is undertaking, the study of the CSR practices of this case company indicates that the company is engaged in a number of CSR initiatives towards various stakeholder constituencies: owners, employees, local communities, customers, farmers, and the environment. An elaborated discussion of the CSR engagements of the company with each of these stakeholders’ constituencies is as follows:

1.1.2.1. CSR to shareholders (owners)

With respect to CSR to shareholders, the company under the study claims that it is engaged in owner-centered CSR activities that focus on ensuring transparency of communication that the company has with its owners. It was indicated that the local company strives to be as transparent as possible to the parent company, which is the shareholder and ultimate owner of the local operator (the company is a family business, which is owned by family members). In other words, the result of the interview shows that this particular brewery is a family owned international company and the owners maintain close supervision over the business; all information needed by the owners, it is provided to them by the local operator. One of the managers (M1), who participated in the study described that the local subsidiary is absolutely transparent to the owners and the local company is always committed to supply all the
information required by the parent company on a timely basis. The second manager (M2) also gave a similar response.

In this connection, the respondents unveiled that this family-based ownership structure has enabled the local operating company to make quick decisions even with regard to the local companies’ CSR engagements, as they do not have to get opinions from a mass of shareholders or their representatives, which otherwise was perceived as time-consuming. In other words, the respondents shared that the present ownership structure has helped the local operator to be swift in decision-making; the respondents further mentioned that their existing ownership structure is more convenient in terms of making fast decisions and commitments. Moreover, in ensuring transparency of information to the owners, it is indicated that the international company sends auditors regularly to audit the local subsidiary.

So, the results above imply that the company is doing its best to serve the interest of the owners; as a family owned company, the business is closely supervised and there is a close and quick interaction between the local managers and the owners of the company. The ownership structure also contributed for the swift decision-making in the company. As indicated in CSR literature, being concerned about shareholders/owners and providing them the necessary information on a timely basis is one aspect of a company’s responsibility (Business Roundtable, 2012; Hong & Xiaoli, 2010; Ribstein, 2005).

1.1.2.2. CSR to employees – Company perspective

In line with CSR to employees, it is indicated in the literature and theoretical foundations that a company’s CSR to its employees includes a range of activities such as fostering the right to association and collective bargaining, providing a working environment that is healthy, safe and hygienic, elimination of discrimination, abolition of forced labor, fairness and equity in pay/attractive pay, employee volunteering, education and training opportunities, participation in decision-making, attractive career opportunities, nurturing of required talent, access to medications & other benefits, childcare/family care services and so on (Graafland, et al., 2004; Heslin & Ochoa, 2008; McWilliams, et al., 2006; Porter & Kramer, 2006; Ruggie, 2008; Tsang, et al., 2009).

Accordingly, in presenting the results of the company’s CSR practices to its employees, two sets of analysis are considered. The first one is based on the interview responses from the company managers and the other one is from the interviews conducted with employees of the
company. This particular section presents the views of the managers on CSR practices of the company to employees, which is subsequently followed by the employees’ perspectives on the employee-oriented CSR practices of the company.

The study starts with stating the general CSR practices that the company performs to its employees. Then, it highlights the interview results with the company managers on specific topics including employees’ influence/participation in the company’s CSR practices, fair and equitable treatment of employees, management’s openness to employees, management’s respect to employees grievances/suggestions, attractiveness of compensation and benefits packages, the company’s effort to provide attractive career opportunities, and the role of the company to support the employees’ association.

**The company’s CSR practices to employees**

With reference to exploring the employee-centered CSR activities that the company performs in the local setting, the company claims that its CSR engagements in the local context naturally begins from its internal CSR commitments, even before it embarks on external CSR activities. In other words, it was found that the company categorizes its CSR into internal CSR and external CSR; the internal CSR practices being entirely devoted to its employees. Results show that the employee-centered CSR initiatives of the company include developing the morale and confidence of employees, providing a clear guideline for employees on how to get the work done, a proper distribution of work load and sound work flow, proper pay and benefits, promoting health and safety matters among employees, health care coverage to employees and their families, executing a project that works with the children of its employees for providing life skills and sports training, supporting employees to send their children to school (the company claims that it considers the children of the employees as part of its future and also known as “petite brother glassier” – “the little brewers”), rendering financial and material support to retired employees to start businesses (mostly beer houses), counseling its employees, providing training to employees to nurture their talents, and supporting employees in handling inflation through a scheme called “Zembil” (the basket). The zembil scheme is designed to help employees tackle inflationary situations; the scheme provides inflation adjustment payment to employees, which is equivalent to the increase in price during times of inflation for major staple items, electricity and water.
Moreover, it is indicated that the company is committed to support and strengthen the employees’ association. More so, in order to enhance the social bond among the employees, the company organizes a company-wide socialization program during holidays, where it distributes holiday gifts and holiday money to the employees. These are all in addition to what the company considers as vital CSR practices to its employees including the annual bonus, medical coverage, round-the-clock health and accident insurance, solidarity fund (a fund that pays for the medical expenses of critically ill employees who should travel abroad for medical attention), along with the aforementioned “zembil” scheme, and medical coverage that the company offers to the families of its executives.

Referring to all these CSR commitments it is undertaking, the company insists that it is doing all these because it is always committed to ensure the satisfaction of its employees. From this, it can be inferred that there exists a range of CSR practices that are undertaken in the company ranging from financially assisting retired employees to supporting the employees’ right to association as well as implementing occupational health and safety standards and procedures, providing health care coverage to employees, inflation adjustment payment, annual bonus, training and education opportunities to employees with tuition fees paid by the company, supporting retired employees and applying solidarity fund to allow employees have access to medical treatment in foreign hospitals.

Hence, based on the responses of the managers above, which listed and described the company’s CSR practices towards employees, it can be observed that there are ample employee-oriented CSR practices that the company is undertaking in the local context.

**Employees’ influence/participation in company’s CSR practices**

While assessing employees’ influence/participation in company’s CSR practice, the company stipulates its employees to be active players in the CSR program, and it engages them in CSR activities. Further, it is asserted that employees not only actively participate in CSR but they can also bring CSR issues to the company from what they observe in their interaction with communities. Although this is the stand of the managers, the response generated from the interviews with the employees verifies that not all employees of the company participate equally in CSR programs. The employees from the marketing department are said to have a better participation and influence in the CSR programs of the company (There is more on this in the section that presents the employees perspectives on the company’s CSR commitments.)
to employees, Section 1.1.2.3.) This shows that the company does not engage all its employees in CSR irrespective of the department or division that they are working in. Such is not an appropriate practice, as indicated in CSR literature that the participation of employees in company decisions, which may also include participation of employees in CSR decisions and activities is necessary as the successful delivery of a company’s CSR depends on the employees’ zealous participation and commitment (Collier & Esteban, 2007; Graafland, et al., 2004; Porter & Kramer, 2006).

**Fair and equitable treatment of employees**

In assessing how fairly and equitably the employees are treated in the company, conflicting positions are revealed by the managers involved in the interview. While one of the respondents on behalf of the company revealed that the management is always committed to keep the satisfaction of its employees, the other opposing view from the manager goes:

“To be honest, not all our employees are treated fairly and equally. In fact as an executive, I should not have said that….even though there is a good attempt to ensure fairness and equity among the executives, there is discrimination in the lower levels. Such problems are common not only in our company but also in other businesses in the country. Favoritism is common. There is some nepotism. In principle, it is advocated that fairness and equity should be sustained. But there are practical problems. This is because the locals who have management positions abuse the fairness and equitable principle. That is why the parent company’s principle of fairness and equity is compromised” (M2).

The quotation implies that employees are not always treated fairly and equitably in the organization, and even members from the management team acknowledge that such problem exists in the company. It is indicated that there are problems with respect to this particular issue. In view of this, proponents of CSR disallow lack of fairness and equity and insist that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Ellerup Nielsen & Thomsen, 2009; Global Compact, 2000; Ruggie, 2008).

**On management’s openness to employees**

270
Examining the openness of management to employees, opposing views have emerged from the two interviews given on behalf of the organization. One of the respondents (M1) claimed that the management is open to its employees and has a very harmonious relationship with them to the extent of being appreciated by other companies in the local area. This manager added that this is achieved because the company values its employees very highly, and it is also claimed that the company’s CSR engagement starts with serving the interests and needs of employees before the company goes to reach out its external stakeholders. The claim extends that the management is not distant from the employees; the management works closely with its employees. To the contrary, the other company manager (M2) believes that it is not usually the case. The respondent indicated that management is not open to employees, and observes that the employees are expected to do what the management dictates them to do. In the words of the respondent, it is said,

“What exists here is that the employees are expected to do what the management dictates them to do. It is mostly command-based. The company has its own mission and the managers develop the targets, and the employees are supposed to function as required” (M2).

The responses above indicate that there are conflicting observations even from the company managers over the openness of management to employees. The interview responses of the employees also revealed that even though the management is perceptibly open, there are partiality and personal bias problems that contradict their claim to openness. This violates what is expected of the management of businesses to be open to its employees as part of its CSR commitment to employees (Business Roundtable, 2012; Molnar & Mulvihill, 2003; Morrison & Phelps, 1999).

Management’s respect for employees’ grievances/suggestions

In examining how respectful is management to employees’ grievances without intimidation and retribution, the interview responses with the company managers show that there is a grievance handling procedure for the employees. It is claimed that there are procedures that the employees have to follow up to the highest management level to present their complaints, if necessary. So, there is an escalation mechanism to follow to get their grievances heard, if necessary. It is also revealed that the employees’ association can also intervene in and help handle the grievance. The interview responses of the employees have also confirmed that
there are grievance handling procedures that they can follow when the need arises. Thus, having a grievance handling procedure is a commendable practice as it provides the platform for the employees to get their complaints heard. Implementing grievance handling procedure and respecting employees’ grievances is one aspect of responsible business practices (Business Roundtable, 2012; Kolk, 2008).

**Attractiveness of compensation and benefits packages**

In assessing the attractiveness of the compensation and benefits packages that the company offers to its employees, the company’s claim is that it offers its employees attractive compensation and benefits packages. The company avers that the salaries and wages it pays to its employees is one of the highest in the sector, and provides attractive bonuses, gifts, annual pay raise, medical coverage and round-the-clock health and accident insurance coverage. With respect to compensation, the interviews with the employees suggested that the professional employees get attractive salary but the prevalent nepotism and favoritism problems unfavorably affect the compensation and pay raise decisions, and there is objectionable gap between the salaries of employees and executives. Regarding, the attractiveness of benefits, the interview result with the employees indicate that even though the benefits are attractive, they are less satisfactory compared to the benefits that employees who work in other similar organizations receive. Regarding employees’ compensation, it is necessary to provide proper remuneration, which is just and favorable remuneration (Crane, Matten, & Spence, 2008; Ruggie, 2008; Spiller, 2000) by addressing problems which are associated with nepotism and favoritism and the wide salary gap between employees and managers, if any.

**Company’s effort to provide attractive career opportunities**

Looking into the efforts that the company puts to provide attractive career opportunities to its employees and nurturing their talents, the company managers claim that the company provides training and education opportunities as well as counseling and morale support to its employees. It is also reiterated that the company is committed to develop the skills and knowledge of its employees by offering the employees various training programs and paying for tuition fees for those employees who are enrolled in tertiary-level studies. In terms of training, it is indicated that there are training opportunities that the company offers to its employees to upgrade their skills. It is also maintained that working in such a brewery is on–
the job training by itself because the brewery sector is expanding very fast and people with sector specific experience are in high demand.

Moreover, following up the idea of nurturing employees’ talents, one of the managers (M1) stated that the company is very much concerned about its employees to the extent that it is not only nurturing the talent of its employees but it is also concerned with developing the talent of the employees’ children. It was determined that the company runs a project that is meant for the children of employees whose age range is from seven to fourteen, where the children get ethical education, motivation towards their studies, and involve them in sporting projects that train the children at very young age in the field of football.

Further, in terms of promotion opportunities, it was revealed that there is a hierarchy of ranks that employees can get promoted through time; there are promotable positions from junior level to senior as well as to managerial levels. So, the availability of hierarchies for promotion signifies that the employees have career development paths that they can envision and aspire to get promoted. The interview result with the employees confirms that there is promising career development path in the company with promotable positions; the company offers them training and education opportunities, and there is also access to the company’s own research center that is established with the goal of developing their skills and knowledge of the employees. In view of this it is commendable that the company is committed in offering attractive career opportunities to its employees through training, education, and promotion opportunities. These are in line with business’ responsible practices to its employees involving providing employees with education and training opportunities to enhance employees learning and development (Bauman & Skitka, 2012; Porter & Kramer, 2006; Spiller, 2000).

The role of the company in supporting the employees’ association

Regarding the role of the company in encouraging employees to form an association/union, it is indicated that the company is committed to empower its employees and there is an active employees’ association. It is stated that the company supports the employees association, and it is disclosed that the management works harmoniously with the association. Moreover, the management reiterates that it has helped the association to establish, run and own businesses. The interview results with the employees have also confirmed that their right to association is respected in the company and there is a harmonious relationship between their association
and the management. This commitment of the company to cooperate with the employees to have a labor union as well as supporting the labor union in various forms is in line with the major shrines of the ILO conventions (ILO, 2002) and even the Ethiopian Constitution (FDRE, 1995) and Labor Proclamation of Ethiopia (FDRE, 2003) that promote the rights of employees to form association. Ensuring freedom of association is one of the responsibilities of a business to its employees (Crane, Matten, & Spence, 2008; Global Compact, 2000; Ruggie, 2008).

1.1.2.3. CSR to employees – Employees’ perspectives

In this section the employees’ assessment of the CSR commitment of the company towards the employees is examined. The topics covered include the employees’ understanding of CSR and their evaluation of the company’s CSR commitments to the employees. The employees’ evaluation of the company’s CSR commitment towards them involves examining the employees’ viewpoints on the types of CSR activities that the company undertakes towards the company employees, the employees’ evaluation/assessment on several issues including their involvement/influence on the company’s CSR programs, whether they are treated fairly and equitably, the attractiveness of the compensation and benefits that the employees get from the company, openness of management to employees, availability of career opportunities/prospects, workplace safety and health, prevalence of any form of discrimination, whether they are encouraged to volunteer in other organizations or in the community, and finally, the worries that the employees have related to the employment relationship in the company, and improvements they anticipate. This helps to triangulate the findings outlined in the previous section based on the interview responses of the company managers regarding CSR to employees. For the purpose of this analysis, the employees who participated in the interviews are identified as E1, E2, and E3. All the analysis results shown below with respect to the topic under discussion is based on the interview results with these employees.

Employees’ understanding of CSR

In exploring the employees’ understanding of CSR, the interview responses with the employees revealed that CSR is understood as the commitment of businesses to be helpful to communities with the aim to sustain the value chain that eventually contributes to prosperity to both the business and the society alike. The employees’ responses indicate that CSR
involves strengthening a company’s business by helping and supporting the society. In other words, the employees’ understanding of CSR is about bringing positive impact on the society. In order to provide a clearer picture how CSR is understood among the employees, who were part of the interview, let us see consider direct quotations.

One respondent said,

“My view of CSR is a business’s responsibility to be helpful to communities. Our company participates in various activities that were formerly assumed to be the responsibilities of either the government or NGOs” (E1).

The second one commented,

“CSR has dual benefits which are interrelated; and that is helping your own business by helping the society” (E2).

The third one added,

“In our company CSR is understood as an integrated societal outreach program to bring positive impact on the society” (E3).

Hence, it can be said that the employees who have participated in the study have a good understanding of CSR as a business responsibility towards the society. This is in line with how CSR is described in literature (Davis, 1973; Fenwick & Bierema, 2008; Proença & Branco, 2014).

The company’s CSR practices to employees – employees’ perspectives

In order to understand the employees’ evaluation of the employee-centered CSR practices of the company, the interviews with the employees started by assessing what specific CSR activities the company performs with the company’s employees. Accordingly, the employees identified a list of employee-focused CSR activities in the company including support to employees with loans and materials to start their own business, free medical coverage, annual leaves, bonuses, holiday gifts, round-the-clock health and accident insurance, free medical care, transportation service, employment to locals, occupational safety and health standards (employees wear protective clothes and tools including gloves, goggles and ear plugs), full medical checkup twice a year for technical and production room employees, company sports
festivals, and May Day/Labor Day celebration and accompanied gifts. Thus, the employees support whatever the managers disclosed regarding the types of CSR practices the company is engaged in; and it is factual that the company implements various employee-focused CSR practices.

**Involvement/influence on the company’s CSR programs**

With regards to the employees’ involvement and influence (participation) in the CSR programs of the company, as opposed to the managers’ claim that “every crew is involved in CSR,” the results of the employees’ interview responses indicate that not all employees participate in CSR programs. It was discovered that some employees, particularly from the marketing department of the company have better orientation and participation in the CSR engagements of the company. In connection, with reference to the extent to which the employees influence the CSR programs of the company, it was found that even though management plays the significant role in orchestrating the CSR of the company, the employees association can also suggest CSR areas that require intervention and the employees too can take the initiative and propose areas of intervention. So, this implies that as employees’ participation is an aspect of a responsible business practice, the company still needs to work towards making sure that employees participate in CSR programs. This is important because the successful delivery of a company’s CSR practices depends on employees’ participation in a company’s CSR initiatives (Collier & Esteban, 2007; Graafland, et al., 2004). Moreover, engaging employees in CSR enables employees “find greater meaningfulness and value congruence at work” (Glavas, 2016, p.2).

**Employees’ evaluation of management’s fairness and equity**

While evaluating the degree to which the employees are treated fairly and equitably in their company, the employees expressed that fairness and equity depends on the values and behavior of a particular supervisor/head in a given department. It is pointed out that there are supervisors who are fair and just to their employees and there are others who are not. The responses also reveal that there are issues of favoritism, partiality, and personal biases in the company. One employee stated the following:

"There are some problems that are caused by favoritism. Some employees are advantaged due to some closeness to their respective supervisors" (E2).
Similarly, another employee explained:

"The fairness and equitable consideration is personal. There is no companywide practice and guideline that is committed to ensure fairness and equity. Some managers are harsh and others are lenient. There is a problem with respect to making the relationship between employees and managers impersonal. Top management has to be serious in establishing the notion of impersonal and impartial relationship between superiors and subordinates" (E1).

Thus, the results above indicate that there are problems of favoritism, partiality, and personal bias in the company, which threaten the notion of fairness and equity in the company. Along this line, advocates of CSR disallow lack of fairness and equity, and they rather insist that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Employees’ evaluation of the attractiveness of the compensation and benefits that they get from the company**

In reviewing the compensation and benefits that the employees get from the company, results show that professional employees get attractive salaries, whereas it is indicated that the unskilled laborers do not get attractive payments despite the labor intensive nature of their jobs in the factories. In addition, findings show that the existing nepotism and favoritism problems negatively affect compensation and pay raise decisions. One respondent indicated,

"There are favoritism and nepotism problems that are reflected on the salary differences of the same employees with the same experience and qualification. Nepotism and favoritism are involved in the employment relationship that favors some groups of employees, while others happen to be victims. Such problems are serious in the company” (E1).

Moreover, the study found out that there is a huge gap between employees’ and executives’ salaries. The following statement from one of the employees testifies to this reality.

“I personally get attractive salary. Nonetheless, looking at the overall pay scale in the company, there is a big difference between what employees get and those executives with managerial positions are paid.
Appendices

That actually causes a kind of dissatisfaction among most employees. There is a very wide gap between the managers’ and employees’ remuneration” (E3).

In connection, in assessing the attractiveness of the benefits that they get from their company, the employees have indicated that the benefits are attractive but are less satisfactory compared to the benefits that employees who work in other similar organizations receive. In line with this, one respondent suggested,

"Compared to the benefit packages that other breweries offer to their employees, the benefits are tight here. For instance, in other breweries there are catering services that provide free meal to workers, but we do not have it here. We made our request about this but the management did not respond. The other problem is there is no laundry, those of us who work inside the factory are supposed to clean our work clothes by hand, after a day-long tedious work. It is difficult to do that after a long work day, every day” (E2).

Further assessment of the benefits structure of the company shows that the company provides its employees full medical coverage with twenty four hour health and accident insurance provision. Nonetheless, the company does not offer family medical care to its ordinary employees; family medical care is available only for executives. Moreover, it was found that no child care services are offered to the children of the workers, and women employees with children do not bring their children to workplace as there are no separate room for mothers (working mothers) to breastfeed their children.

Thus the results above indicate that even though professional employees get attractive salaries, unskilled employees still receive unsatisfactory payment for their service. Moreover, the employees have complained about the prevailing wide gap in the salary between employees and managers. From CSR perspective, a business is expected to provide attractive pay to all of its employees along with appropriate compensation and benefits (Business Roundtable, 2012; Crane, Matten, & Spence, 2008; Porter & Kramer, 2006; Ruggie, 2008). In view of this, the company is expected to provide attractive payment to its unskilled employees, narrow the salary gap between employees and management, and address the
complaints made by the employees regarding lack of certain benefits that the employees demand to have in place.

**Employees’ evaluation of the openness of management**

In examining the views of the employees on the openness of management towards employees, a mix of evaluations have emerged. One aspect suggests a positive view that indicates the management’s openness to its employees, whereas the other view maintains that there is partiality and personal bias problems, which manifest in the employee-management relationship. The following statements illustrate the situation.

A fairly positive comment is,

“The management is cooperative to listen to my work as well as personal or social-related problems I have. I can freely share all these with management without fear. One of my best experiences in this company is the closeness that I have with everyone and the openness of management to its employees. However, that does not mean that this is true for all employees in the entire organization. There are complaints and worries expressed by other workers that their relationship with their supervisors is not smooth. Not every supervisor is friendly and democratic” (E3).

A critical comment on the openness of management to employees reads,

“In principle it is taken that management shall value its employees in this company. In practice, however, the partiality and personal issues I mentioned earlier comes to the picture in the openness as well. There are some managers who smoke even in employees’ workplace. That shows disrespect to employees. We do not complain about such disrespectful deeds and behavior, as it would bring about unwanted repercussion” (E1).

In a related topic, the employees were also given the opportunity to evaluate how respectful the management has been to their suggestions and grievances. The findings indicate that there are grievance handling procedures that employees can follow when the need arises.
Hence, the results above indicate that openness of management in the company varies across the various divisions or departments of the company and it also depends on the personality of one’s supervisor. In other words, there is no companywide standard that is committed to enact openness. That is why we notice a variation in the responses of the employees regarding management openness. This means the company needs to address this variation as one of the qualities of a responsible business. Meanwhile, with respect to grievance handling, it was found that there is a grievance handling procedure in the company to entertain employees’ grievances and suggestions. This is positive because employees could follow the grievance handling procedure to present their grievances and suggestions. According to Article 129(3) of the Labor Proclamation of Ethiopia, businesses are required to incorporate grievance handling mechanisms in the collective agreements (FDRE, 2003). Moreover, Ruggie’s “Protect, Respect, and Remedy” framework also indicates the importance of company-based grievance mechanisms to take care of employees grievances and suggestions (Ruggie, 2008).

**Employees’ evaluation of career opportunities/prospects in the company**

In line with the employees’ assessment of the career opportunities/prospects in their company, it is identified that there exists promising career development path with promotable positions within the organization. One of the respondents stated,

"In general, promotion opportunities are available. There are postings of internal vacancies whenever there are openings, and supervisors also recommend employees to get promoted. If employees are really good at their performance as witnessed by their performance rating/appraisals, they get promoted" (E1).

Another respondent added,

"I am happy with the career prospects that I have in this company. For example, the position I have now is a good one and I have reached here step by step by getting promoted. At present, I even have some employees who have to work under me. I envision taking up a higher position in the company like the ones who are already there in the executive positions" (E3).
In a related manner, regarding the issue of nurturing employees’ talents, the respondents indicated that there are training and education opportunities as well as access to the company’s own research center that are meant to develop their skills and knowledge. Moreover, it is indicated that the employees in the technical department get frequent on-the-job training from experts who come from abroad. More so, those employees who wish to take up further study could get their tuitions paid by the company as long as the area of the study is relevant and helpful for the department or elsewhere in the company. In line with this, one of the respondents is quoted for the following,

“I believe that if I want to get additional education that relates to my field and area of work responsibility, I can get that opportunity of getting my cost of education covered by the company. Overall, the practice in the company is that if one’s manager is convinced and justifies that an employee may have to take up further study, the company finances the employee’s education. Moreover, especially, employees in the technique and production division take up continuous training with experts that usually come from abroad” (E1).

Therefore, the above results confirm that the company offers attractive career opportunities to its employees through promotion, training and education opportunities. This is in line with what advocates of CSR uphold that companies have to do so as part of their CSR commitment to their employees (Spiller, 2000; Tsang, et al., 2009).

**Employees’ evaluation of the conduciveness of the working conditions/safety and health**

Concerning the safety and health matters at the workplace, the interview responses with the employees indicated that there are no major problems of safety except for some, rare accidents happening in factories. The employees revealed that the company does its best to ensure the employees safety and health. There are safety and health procedures and standards that must be obeyed while employees are inside the factory premises. It is also stated that there are safety notices inside company plants and safety officers provide training on safety to the employees. Despite this, it was revealed that accidents still keep happening. One respondent said,
“All factory workers have protective clothes. We are all given protective equipment. But there are employees who are rarely exposed to caustic soda. In this regard the management should work to reduce this chemical exposure. There are some slippery pavements and spots in the company premises. In spite of that the working environment is not perilous” (E2).

Another respondent added,

“However, in the factories accidents still happen. I cannot say that the factory workers are far from accidents; accidents happen. Even some employees are careless in using those protective tools” (E1).

The result above indicates that in spite of the company’s effort to provide safe and healthy working environment by offering safety training and distributing safety clothes to the employees, accidents still happen mostly due to employees’ negligence to comply with safety procedures. There are also exposures to chemicals, mainly caustic soda, that have health implications on the employees. Thus, in view of these problems the company needs to take measures to educate its employees to be serious in complying with safety procedures so that the issue of carelessness could be resolved. Moreover, the company needs to address the problem of employees’ exposure to dangerous chemicals such as caustic soda. Providing safe and healthy work condition to one’s employees is an important consideration in CSR (Graafland, et al., 2004; McWilliams & Siegel, 2001; Porter & Kramer, 2006).

Employees’ views on the prevalence of discrimination in the company

With regard to assessing whether there is any discrimination in the company, the employees affirmed that there is no serious discrimination but favoritism still persists. The following comment is fairly typical,

“There is no major discrimination based on gender, religion, or political ideology. But clearly, there is discrimination due to favoritism because of proximity and closeness. That is not closeness based on the factors such as tribal factors or politics or religion, instead it is based on favoritism that arises from having to know that person or related to that person one way or another” (E1).
Thus, the result above shows that there is no serious problem of discrimination in this particular company, but favoritism still does persist. In CSR literature it is repeatedly mentioned that a business has a responsibility to ensure that there is no workplace discrimination (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Employees’ views on the role of the company in supporting the employees association**

Regarding the role of the company in supporting the employees association, it was indicated by the employees that there is a harmonious relationship between the management and the employees association, and the respondents confirmed that the management is highly helpful of their association. It was also learned that the management even supported the association to establish a business and the association also does business with the company. This indicates that the company is committed to serve the employees right to association. It is commendable that the management works closely with the employees association harmoniously. Respecting the employees’ right to association is one of the most basic aspects of responsible business practice in CSR (Global Compact, 2000; ILO, 1998; McWilliams & Siegel, 2001; Ruggie, 2008).

**Employees’ views on voluntarism**

With regards to the company’s commitment to encourage employees to volunteer in other organizations, the employees unanimously indicated that there exists no such culture of voluntarism in their company but what they do instead is they organize visits to NGOs, and spend a day or half together with those NGOs that harbor the needy and celebrate the day together with those people in the NGOs. However, with respect to voluntarism, it is indicated in CSR literature that voluntarism is an aspect of a business’s CSR commitment to its employees, whereby businesses are expected to encourage their employees to volunteer in other organizations or spending their time to support the local community (Kotler & Lee, 2005; Spiller, 2000; Tsang , et al., 2009).

**Worries that the employees have related to the employment relationship in the company and anticipated improvements**

Finally, the employees were given the opportunity to highlight what worries they have and aspects in the employment relationship in their company they still seek improvement.
Consequently, results show that there are problems that relate to placement, favoritism and personal problems, work pressures/too much work, and some managers lack management knowledge. Additionally, it was uncovered that the management has to involve employees in setting goals, and strive to improve intimacy between management and labor union, as well as improve management openness to employees. It is also exhibited that the management has to commit itself to improve the work conditions of unskilled workers who are way underpaid compared to the jobs they do, and measures should also be taken to put an end to discrimination among company departments. One of the respondents was quoted for the following,

“There is a lot of work load and there is also management inefficiency that leads to stressing out employees with heavy workloads. Moreover, unskilled workers are sweating on the job for long hours due to the laborious nature of the job only for a small pay. They deserve attention. There are also differences the way managers treat their employees across divisions. For example, the marketing division has highly satisfied employees. The employees in the marketing department get better support than other departments. The managers in the marketing department are so helpful to the personnel there. This does not exist for example in our division. This is even reflected in differences in attitudes and life styles between the marketing department and the others. The difference between employees from the marketing division and the other divisions are like two different groups of people from two different worlds. Employees from the marketing division are better off in many aspects” (E1)

So, based on the results shown above, the major issues that the employees are concerned about include employees placement problem, favoritism and personal bias problems, work pressures/too much work, instances of managers lacking management competence, lack of management willingness to involve employees in decision-making, poor work conditions of unskilled workers who are underpaid, and discrimination between departments.

By and large, in line with the company’s CSR practices to its employees, the study result above shows that the company’s CSR to employees is the foremost internal
CSR dimension of the company. There is a range of CSR practices that are undertaken by the company towards its employees. Accordingly, the company undertakes various forms of encouraging employee-centered CSR practices. The prominent ones are: (1) health care coverage to employees (full medical coverage, and round-the-clock health and accident insurance) and solidarity fund (established to cover medical expenses of critical illnesses of employees for treatment abroad), (2) the “zembil” scheme (inflation adjustment payment to employees), (3) annual bonus, (4) occupational health and safety standards to protect employees from industrial accidents that involves supplying employees all the necessary safety equipment, and providing safety training to the employees by the safety officers, (5) offer attractive pay and benefits to the employees, (6) supporting retired employees financially to run beer houses, (7) providing training and education opportunities along with promising career opportunities, (8) support and strengthen the employees’ union (association), (9) host company-wide socialization programs during holidays, distributing holiday gifts and holiday money to the employees, and (10) administer grievance handling procedures. These are the positive results of the company’s CSR engagement to its employees.

Nonetheless, there are also pitfalls which have been identified with respect to the company’s CSR engagement with its employees that require the attention of the management. These issues span over matters such as (1) not all employees are treated fairly and equally in the company due to the existing favoritism, partiality and personal problems that manifest in the company, (2) not all employees are encouraged to participate in CSR, (3) even though the finding indicates that there exists attractive payment to professionals, laborers and unskilled workers who work at the front lines of the production and distribution lines are so poorly paid despite the backbreaking works they do (4) there is also a problem of excessive income gap in employees and executives remuneration; the very wide gap between employees’ and executives’ salaries and benefits is a source of displeasure to the employees, (5) employee benefits are less attractive compared to the sector standard (6) There are heavy workloads and pressures, (7) family medical care is only for executives, employees families do not have the privilege of medical care, (8) there are no facilities in the company for child care services and, furthermore, no breast feeding rooms for lactating mothers. Lactating mothers are not allowed to bring their nursing children to the company, (9) offices are safer to work in, but
accidents still keep happening in spite of all the safety measures taken (10) employees are not encouraged to volunteer in other organizations to share their skills and experience, (11) some managers lack management knowledge, (12) the employees are not consulted in goal setting and the management does not involve employees in establishing objectives. This implies that the lack of employee integration in the decision-making process would negatively affect their belongingness and commitment to the company. The management should not impose its decisions on the employees, decisions need to be done in consultation with employees, (13) the management is still expected to improve intimacy with the labor union as well as improve management openness to employees; this implies that even though the company has thus far been supportive to the employees association, it is still demanded by the employees that it should keep strengthening its intimacy with their union, (14) there is discrimination among the various departments within the company (the marketing and sales department receive preferential treatment over others, that results in difference in benefits and privileges among employees who work in different departments) and even individual employee discrimination prevails due to personal bias, partiality and favoritism that is even reflected in benefits and compensations that the employees get. It is also found that there exists a slight discrimination and favoritism based on ethnicity at personal level. Thus measures should also be taken to put an end to discrimination among company departments and address issues of favoritism.

1.1.2.4. CSR to local communities

With regard to a business’s CSR commitments to communities it has been indicated that businesses have to be able to interact considerately and stay in good terms with the communities that they work with; it is also necessary to do so for a business because being in good terms with the community has economic incentives in the areas where the business runs its operations and such responsible corporate behavior is considered as a social license to the business to operate in that particular area and community (Ribstein, 2005). Further, CSR commitments that a business would consider towards the local community may range from engaging in community dialogues (Campbell, 2006) to making donations and direct involvement in community projects and affairs (Spiller, 2000) as well as establishing sound relationships with communities to perform meaningful activities for betterment of communities by promoting awareness of health, safety and international issues that relate to the specific types of business in which the business is engaged in (Besser, 2002; Business Roundtable, 2012; Rao, 2004).
Appendices

As such in examining the CSR practices of the company to the local communities, besides the open-ended question of what community centered CSR practices it undertakes, three major questions were asked in the interview with the managers. The first one was what are the CSR practices that the company undertakes to improve the quality of life for its respective communities/to improve the welfare of communities; the second question was about the activities that the company performs in promoting awareness of health, safety and international issues related to its respective industry, and the third one is was what forms of dialogues does the company practice with community groups in order to establish relationship with communities. In order to further assess the CSR engagements of the company to the communities and to validate the responses of the company managers with respect to the claimed CSR commitments to local communities, in addition to interviews with the company managers, the research has also incorporated the views of NGOs, universities (academics), and relevant government offices from the local areas to learn about their perspectives of the CSR commitments of the breweries that they are aware of. So, this part of the analysis presents the investigation of the CSR commitment of the company to the local communities by looking into the views of the company’s managers and the interview analysis of the NGOs, academics, and government authorities on the CSR practices and concerns of the brewery sector and is highlighted in Appendix 9.

The remaining part of this section present the company’s perspectives on CSR to local communities from the viewpoint of the company’s commitments to contribute to improve the quality of life for communities, activities that the company undertakes in promoting awareness of health, safety and international issues related to its respective industry, and on whether the company holds dialogues with community groups in order to establish meaningful relationship with communities.

The company’s commitments to contribute to improve the quality of life for communities

In response to what has the company done for the betterment of local communities, the company points to both the internal and external CSR activities that it is undertaking. In connection to the internal CSR, it is disclosed that the employment opportunity that the company creates is part of its contribution to improving the livelihood of the local communities as locals get employment opportunities. That is the managers assert that creating employment opportunity for the locals is one aspect of CSR to communities.
Likewise, the managers affirm that there are various external CSR activities that the company undertakes that have links to CSR to communities. These include the company’s commitment to improve access to education to communities in different parts of the country by building schools in the local areas, support towards development of health care services, participation in women empowerment projects, support to persons with disability, providing employment opportunities for disabled persons, support to street children, promoting and sponsoring sport, entertainment, social and cultural events, promoting and sponsoring art and art-related works, motivate farmers to improve productivity through the company’s “Country Fair” program, and sponsoring and collaborating with agricultural development research institutes, and outsourcing services such as transportation, security and cleaning.

Based on the results above, it can be implied that the company undertakes a number of CSR practices to the local communities ranging from creating employment opportunities for the locals to sponsoring social, cultural, sport, and art and art-related works.

**Activities the company is undertaking in promoting awareness of health, safety and international issues related to its respective industry**

Concerning the CSR activities that the company performs in line with promoting awareness of health, safety and international issues related to its respective industry, it is disclosed that the company is committed in promoting responsible drinking. In this respect, it was found that the company promotes sale of its products only to adults above 18 years of age and also promotes the idea of consuming company products after working hours. It is also shown that the company is has long been committed to educate the public and its employees about HIV prevention and care in partnership with NGOs. Further, it is also revealed that the company’s advertising strategies are well-known for the expression and message they contain. In order to promote responsible drinking, the company reiterates that it uses its famous phrase “… after work” in all forms of its advertisements, which is believed to imply that the company promotes drinking after work, as a message to discourage drinking during working hours. Moreover, interview results indicate that the company works closely with an NGO which works to expand health care services across the country, and it was discovered that the company covers most of the budget requirements of this NGO, and even takes the initiative in motivating the NGO and providing significant financial donation to introduce and expand its health care services in different parts of the country.
Thus, the result shows that the most important engagements of the company with respect to promoting awareness of health, safety and international issues within its communities are educating communities including employees about HIV, promoting responsible consumption of its alcoholic products, and sponsoring a local NGO that works on providing health care services to communities. Particularly, the company’s commitment to promote responsible consumption through responsibility messages relates to a socially responsible practice of promoting awareness of health issues that relate to the specific types of business in which the corporation is engaged in (Besser, 2002; Business Roundtable, 2012).

**On dialogues that the company undertakes with community groups in order to establish relationship with communities**

Relating to dialogues that the company has with community groups, the managers indicated that they have a program called “Country Fair,” which is utilized by the company as a major approach to hold dialogues with local communities. It is stated that with the “Country Fair” program the company travels to remote areas of the country to visit farmers wherein the members of the company contact the community leaders, the farmers and the extension workers in those rural areas; then they gather the farmers and erect tents and use generators for power supply and stay there for some time with the farmers to discuss their problems and provide them training and counseling on how the farmers can improve their productivity. Moreover, it is disclosed that the company engages in dialogues and discussion with community groups whenever the company undertakes expansion works over its plants or when it opens new plants/branches. It was revealed that even before the company builds additional business facilities, it engages in discussion with community members in order to incorporate the community’s concerns, understand their reaction and make plausible decisions. It is also found that the company engages in regular consultative dialogues and meetings with the civic society organizations that it works with to support, sponsor and indicate areas of intervention. Engaging in community dialogues is one aspect of a company’s CSR commitment to communities (Campbell, 2006) which is useful for the company to sustain its social license to operate (Goodman, et al., 2011).

Accordingly, on the basis of the findings above, CSR to local communities is one of the external CSR dimensions of the company. Accordingly, CSR activities that the company claims include (1) creating employment opportunity for locals, (2) working on projects that enhance access to education (built few schools for the public already) and development of
health services (expanding clinics and health centers by partnering with an NGO), (3) participation in women empowerment projects, (4) support to persons with disability and providing employment opportunities for disabled persons, (5) support to street children, (6) promoting and sponsoring sport, entertainment, social and cultural events, (7) promoting and sponsoring art and art-related works, (8) motivate farmers to improve productivity through the company’s “Country Fair” program, (9) sponsoring and collaborating with agricultural development research institutes, and (10) outsourcing services such as transportation, security and cleaning. Moreover, concerning the issue of dialogue with communities, the company identifies its “Country Fair” program as one of the platforms for community-based dialogues, whereby it uses this program to engage in discussion and dialogue with farmer communities. Moreover, there are also dialogues and discussions that the company holds with community groups whenever the company undertakes expansion works in its plants or when it opens new plants/branches.

1.1.2.5. CSR to customers

Customers are also one of a business’ stakeholders, who deserve the attention of a business in its socially responsible business practices. Accordingly, businesses are expected to ensure the quality of products they produce, educate and engage customers, create awareness about reducing the environmental cost of product use, try to instill positive behavior in consumption through consumer information availability and truthful advertising (Bokhodir & Iroda, 2010; Porter & Kramer, 2006; Spiller, 2000).

Given that, in assessing the company’s CSR practices to customers, the interview questions posed to the managers of the company included what specific customer-oriented CSR activities does the company undertake, what efforts does the company take to increase consumer information availability, how committed the company is to render truthful advertising and address issues of advertising to children, and commitments taken to educate customers to reduce the environmental cost of using the company products. The result of the interviews on these issues is as follows:

Customer-oriented CSR practices that the company undertakes

With reference to the question of what types of customer-oriented CSR practices the company undertakes, the managers stated that they categorize customers into two groups: one as agents and distributors, and the other as consumers. With respect to agents and
distributors, it is explained that as the company engages distributors and agents to do the distribution of its products, it offers training to these agents and distributors to create awareness about socially responsible practices. It is also shared that the company considers a social responsibility criteria (such as prior social and environmental commitments) in the selection of agents and distributors in the first place. Moreover, it is maintained that the company provides training not only to those agents and distributors that the company requires them to be socially responsible in the first place to distribute its products, but also to bar tenders who operate the company’s beer machines at major outlets. The interview response indicated that this is done for the purpose of making the bar tenders apply the required hygienic practices. In addition, it is claimed that the company distributes free freezers, banners and logos to different retailers that sell its products. Further, the company upholds that it has also created employment and business opportunity for a number of people by letting the distribution work be handled by external operators. There are a number of agents and distributor-owned businesses that are based on the distribution of the company’s products. In connection, it is specified that as part of the company’s CSR to individual consumers, the company distributes some of its products to outlets during holidays to be served to consumers for free, and there is a company tradition of celebrating together with consumers in factory clubs during holidays.

**Efforts/Program to increase consumer information availability**

Pertaining to the efforts/ programs that the company employs to increase consumer information availability, result indicates that the company offers training to the individuals who work in major outlets to assist them in providing the necessary information to customers. Moreover, it is indicated that the company allows interested members of the public to take up a visit of the company.

**On the company’s commitment to truthful advertising and advertising to children**

Regarding the commitment of the company to issues of truthful advertising and advertising to children, it was found that the company is devoted to the fact that the information provided is honest and promotes the sale of its products for people who are above the age of eighteen. The company reveals that in all forms of its communication with the public, it is concerned with the age of the consumers. Moreover, the company confirms that its advertising is ethical,
and considerate of age, and is in line with the principle of promoting responsible drinking. One manager from this company said,

"Even though the law requires beer not to be sold for those under 18, we promote the minimum age to be 21; further not only being 21 is enough but also the person must have a source of income such as he has to be an employed person and has no health problems. We also consider the person’s religion while we do sales promotion as some religions strictly ban beers; we also promote that the one who drinks to be the one who drinks responsibly. This is because we value the very ideology that whenever one grabs our beer that must remind him of responsible drinking. We promote this in our sales promotions that we do across the country and our adverts are considerate of these factors” (M1).

**On educating customers to reduce the environmental cost of using the company’s product**

As to educating customers to reduce the environmental cost of using the company’s products, the company believes that its products cause no pollution to the environment. It is claimed that the company sells its products with glass bottles and the bottles have more monetary value that the beer itself; as a result the bottles are returned to the company. The bottles are recyclable; and the company reuses the bottles. Similarly, concerning broken bottles, it was revealed that those are also returned back to the factory and redirected to the glass factory of the country to recycle them into new bottles. In this connection, it is pointed that the incident of large amount of broken glasses happens rarely.

From the findings above, it can be concluded that the focus of the company’s CSR to customers is on the agents and distributors, who work with the company in distributing its products. Even though its engagement to make the distributors socially responsible and training the bartenders who work at major outlets to apply hygienic practices are useful practices, the company’s commitment to consumer information availability is not taken seriously. The interview results from government authorities, academics, and NGOs criticizes the brewery sector for its poor consumer information availability such as poor labels and insufficient information about the product as well as aggressive and alluring advertising that is indiscriminate of the age of the audience; that entice the youth for more consumption.
Moreover, critics underscore that the brewery sector is not doing enough for the cause of promoting responsible drinking. CSR discussion on CSR to customers reiterates that businesses have a responsibility to commit themselves to instill positive behavior in consumption through consumer information availability and truthful advertising (Bokhodir & Iroda, 2010; Porter & Kramer, 2006; Spiller, 2000). Doing this also relates to serving the “customers’ right to know and to choose” (Hong & Xiaoli, 2010, p.562).

1.1.2.6. CSR to farmers (suppliers)

Suppliers are one of the stakeholders of businesses that deserve a fair share of CSR commitment (Argandoña & von Weltzien Hoivik, 2009). In the brewery sector, the most important ingredient for the production of beer is malt barley; and in the local context, the breweries get part of the barley they need from the small-scale, local malt barely farmers. Thus, this specific section is dedicated to the study of the types of CSR responsibilities that the case company is doing towards the farmers in the local setting.

It is indicated in CSR literature that businesses are supposed to work with local suppliers (farmers), source inputs from the disadvantaged small-scale farmers, pay them fair prices, and establish lasting relationships (Spiller, 2000; Sprinkle & Maines, 2010) and a business may also extend support to the suppliers/farmers in terms of enhancing their productivity and welfare, and assisting them in off-farm activities such as optimizing transportation and packaging tasks (Heslin & Ochoa, 2008). The analysis in this section is made mainly based on the interview responses of the company managers. Since, this company is the only brewery in the sector that does not work closely with a defined group of farmers in the local area, the views of the farmers could not be captured but for the other case companies it was easy to spot the farmers that they work with and get the perspectives of the farmers about the support they get from the companies that they work with. The interview results of the farmers that work with the other breweries are presented in Appendix 9.

Farmer-oriented CSR practices that the company performs to enhance farmers’ productivity and welfare

Regarding the farmer-oriented CSR activities, the most mentionable initiatives taken by this particular brewery is its sponsorship and collaboration with a local agricultural research institute that researches and works on improved quality barley seeds, and the “Country Fair” Program through which the company conducts discussions and dialogue with the farmers. In
connection to the sponsorship and collaboration with the agricultural institute, it is stated that the company made significant financial contribution to support the institute’s research and development programs on malt barley research. It is indicated that this research and development effort is a nationwide effort to improve the quality of malt barley in the malt barley growing regions of the country and help build the capacity of small holder farmers who grow malt barley.

Moreover, the company points at its “Country Fair” program as the major platform for the company to reach out to the farmer communities in the country. In the program, it is maintained that three aspects take priority. The first one is educating the farmer communities about HIV prevention and care. The goal is to create improved awareness among the farmers about the disease, educate them how it transmits and discuss with them how they have to protect themselves and their families. The company also consults the farmers regarding the kinds of proper care that they have to take when they go to urban areas to sell their crops in connection to protecting oneself from the disease. So, the first aspect is about the HIV sensitization activity. Secondly, the company affirms that it provides advice and holds discussion with the farmer communities to instill the idea and values of competitiveness in the farming sector; the managers say they use this opportunity to give orientation and perspective to the farmers about being competitive and improve the quality and quantity of their crops so that they can generate higher income and improve their livelihood. Thirdly, according to the season of the visit to the farming communities, the company distributes suitable agricultural tools for the farmers for encouragement. The company asserts that it is doing this practice because the company has a concern to involve the agrarian community in its CSR programs. It is also disclosed that the company is planning to work more closely with malt barley farmers on a contractual basis in the near future.

With respect to enhancing farmers’ productivity and welfare, what the company does presently is mainly supporting farmers in terms of assistance to improve their productivity. The company insists that it is not happy with the large amount of malt barley that it imports from foreign markets, which represents 50% of its entire consumption, while the local situation in terms of arable land and the availability of water was a fertile ground for the Ethiopian farmers to grow the required barley. It is stated that the local farmers could benefit a lot if they engage intensively in growing malt barley, and that way the country could also save hard currency that is spent on importing malt barley. The company indicates that it buys
half of its malt barley from abroad because most local farmers do not produce the good quality malt barley with required quantity. The current trend in the company is to buy half of the malt barley from foreign markets and it buys the remaining half from the local farmers randomly; it has no specific group of farmers that it buys the barley it needs.

It was revealed that in order to change this trend of importing significant amount of barley from foreign markets and in order to make the local farmers beneficiaries of the barley market, the company provides fund for the local research institute that is working on programs in this regard to help improve the productivity of malt barley growers. So, the company maintains this as its current approach to support farmers’ productivity and welfare.

**On what the company does to optimize transportation with the farmers**

Looking into what the company is doing to optimize transportation with the farmers it was found that the company does not coordinate with the local farmers on optimizing transportation. This is mainly because the company does not source from a defined group of farmers. It buys the barley from any farmers/sellers and it has no lasting relationship with the farmers/barley suppliers. So, despite what CSR literature suggests businesses to establish lasting relationships with suppliers such as farmers (Spiller, 2000) this company does not have such lasting relationships with the local farmers, in spite of the fact that the company sources 50% of its barley supplies from local farmers. In connection to how it transports the barley, it is disclosed that the company’s entire transportation services are outsourced.

**Efforts that the company employs to assist the farmers to reduce packaging costs**

With respect to extending assistance to the local farmers in terms of reducing packaging costs, it was found that the company has no lasting relationship with the farmers. However, in connection with the company’s effort to reduce packaging cost across the part of the supply chain, it is asserted that since the company uses glass bottles to distribute its products, the bottles are recovered, and are reusable and recyclable.

The results above indicate that this company does not work closely with farmers. It does not support the local farmers closely both on the farm and off the farms arenas such as through contract farming (Eaton & Shepherd, 2001). It does not even buy the barely from a defined group of farmers. That is to say that the company has not established lasting relationship with
the local farmers. From CSR perspective, a business is expected to utilize local suppliers and develop and maintain long term relationship with them (Spiller, 2000).

1.1.2.7. CSR to the environment

The environment represents one of the societal stakeholders of a business, and an environmentally responsible business is expected to engage in activities that aim at protecting and nurturing the environment, making company operations environment friendly, like waste management, pollution control and recycling (Crane, Matten, & Spence, 2008; Kinder, 1998; Spiller, 2000; Werther & Chandler, 2010). In reviewing the company’s CSR to the environment, the investigation starts with exploring the types of CSR activities that the company performs to protect the environment; then it assesses the efforts that the company exerts to conserve water resources (because breweries are thought to have high water consumption), and the mechanisms that the company applies to manage waste.

CSR practices that the company is undertaking to protect the environment

Referring to the question of the company’s CSR commitments towards the environment, the interview response of the company managers indicates that their company is concerned about the environment, and they are even worried to see other businesses engage in practices that negatively affect the environment. One of the areas of environmental protection activities that the company engaged in is planting trees. It is indicated that the company engages both employees and the local community together in tree planting campaigns. Moreover, it is disclosed that the company takes part in local and national green and clean initiatives. It is also maintained that the company supports research and development endeavors that are focused on nurturing the environment. Emphasizing its commitment to environment protection, the company claims that it has a companywide motto and vision that is directed towards protecting the environment, and the motto goes “let us produce the oxygen we need by our own, by planting trees.” More so, it was found that the company uses water treatment plant that treats the ground water it uses to achieve the quality level needed to make beer, and the company also has waste treatment plants to treat the company’s wastes before release to a nearby river.

Efforts that the company applies to conserve water resource
With respect to the issue of water use and water conservation, it was found that the company uses a combination of ground water and tap water. The company avers that it has ponds of water in the company premises that will supply its plants with sufficient water for the next ninety two years. The company uses these water sources for both production and cleaning purposes. Regarding consumption, it was found that the company consumes twelve liters of water to produce a single liter of beer, and the rest eleven liters of water is a waste. It is also unveiled that water is not recycled, once used it is just released after it is treated.

On the mechanisms that the company applies to convert waste to other uses

With the issue of the mechanism that the company uses to convert waste to any other use, what the company normally does is that it treats the waste before it is released and makes sure that the waste does not have a negative impact to the community. The company uses modern waste treatment plant to treat its wastes. Another useful practice is directing part of the waste to be used as fertilizer by local farmers and communities. Moreover, other byproducts such as spent grain are also used as cattle-feed in the local community.

The results above show that the environment protection activities that the company performs include planting of trees, participation in green and clean initiatives at local and national level, supporting R&D programs to nurture the environment, and waste treatment. However, although water use minimization is one of the major concerns in the protection of the environment (Crane, Matten, & Spence, 2008; Russo & Tencati, 2009), water does not seem to be conserved at all in the company. The company uses 12 liters of water just to make a liter of beer; and worse it is not recycled. Nonetheless, there are other beneficial practices that the company does as part of its environmental protection commitments such as using part of the waste as fertilizer for the local farmers/communities, and byproducts such as spent grain are used as feed for cattle in the local community.

In connection, based on the results of the study from the interviews with the external stakeholders such as the government authorities, NGOs, and academics, it is indicated that the brewery sector lacks a robust commitment to nurturing the environment and the resources it hosts. An instance is to waste 11 liters of water for every liter of beer produced. Of course, the company claims to have ample ground water resources to use for the coming 92 years; however that does not mean that water has to be wasted. Additionally, the concerned government offices have not developed any mechanism to control the use of ground water.
The company does not pay anything for the ground water it consumes and the amount of consumption is not accounted for too.

Moreover, although pollution control and noise control are important considerations of environment protection (Sen & Bhattacharya, 2001), in this particular company, there are concerns, which relate to air pollution and noise pollution that even the employees and communities in the neighborhood of the brewery’s plants complained about. For example, employees indicated that there are disturbing industrial noise in the company plants where the production is going on and there is a nasty smell that pollutes the air due to the barley boiling process. Local communities in the neighborhood of the factories also indicated that there is air pollution caused by the bad smell due to the boiled barley and spent grain.

1.1.3. Why does the company perform CSR?

Research question 2 – Why are the companies doing CSR? Case #1

While the previous section outlined the CSR practices that the company engaged in, this particular section highlights why the company is engaged in those CSR practices. This is done to answer the second research question that explores why the breweries are engaged in CSR.

To start with, in the interest of answering the question of why the company engages in CSR, it is evident to present the finding in line with the CSR sources identified in the theoretical foundations: CSR and Marketing strategy (the business case for CSR), CSR and Governance, CSR and Company Values, CSR and Public pressures & expectations, CSR and the Law, & CSR and Stakeholders. However, with respect to the dimensions of internal stakeholders and external stakeholders, it is worth indicating at the outset that the company managers opted to provide a general response why they engage in CSR from the stakeholders’ perspective instead of segregating between internal and external stakeholders to provide the bigger picture regarding why they do CSR from stakeholder’s perspective. Therefore, the result that relates to internal and external stakeholders is combined together under the topic - “CSR and stakeholders” throughout the analysis.

1.1.3.1. CSR and marketing

This section outlines the findings of the study with respect to why the company undertakes CSR from a CSR and marketing perspective (the business case for CSR).
In exploring the reason why the company engages in CSR from the viewpoint of CSR and Marketing (business case for CSR), the managers asserted that their company is engaged in CSR because CSR is one of the approaches to ensure the survival and growth of the company. It is disclosed that the sustainability of the company depends on the growth and survival of the society; the company maintains that it is when the society does well, that the company performs well too. It is shared that for the company’s market to grow, the society should also grow. Moreover, it is disclosed that the company engages in CSR because it is convinced that CSR builds company image. The company believes that by engaging in CSR the company mutually benefits too.

With respect to what has the company achieved by undertaking CSR, the company managers, who were interviewed, stated that CSR earned the company a reputation and an enhanced rank for its employees. It is maintained that CSR has certainly built the company’s image and brought it a reputation, which the company considers this reputation as the most important intangible resource that it owns. The company affirms that its CSR commitments have enhanced its trustworthiness in the local market and enabled it to win the hearts and minds of the government and the society; and the company considers this as an invaluable asset. Further, the company acknowledges that this achievement is manifested in the strong competitive position that the company has in the local market. The company also acknowledges that CSR has contributed to its competitiveness and it observes this from the positive impact CSR has on the company’s sales. It is reiterated that CSR has contributed to the creation of good image about the company. One of the respondents stated,

“CSR sustains our market and it helped us get acceptance among the society. It contributes not only to the betterment of our current market but also is useful to expand our future market frontiers” (M2).

Thus, from the viewpoint of the business case for CSR, the result above indicates that the company undertakes CSR because it contributes to the growth and survival of the business. It is also found that CSR has contributed in building the company’s image and earned the company a reputation. Furthermore, it was found that CSR improved the company’s competitiveness and is even considered as an approach to seize future market prospects. So, the company has a compelling reason why it has to engage in CSR from the marketing perspective, this is in line with what (Carroll & Shabana, 2010; Vogel, 2006) asserted that there is a “cause”-business case for businesses to engage in CSR. Moreover, what the
Appendices

company has achieved due to CSR including improved image, reputation and competitiveness are in line with what CSR literature suggests to be some of the reasons (business case) for businesses to engage in CSR (Beardsell, 2008; Kurucz, et al., 2008; Porter & Kramer, 2006; Zadek, 2000).

1.1.3.2. CSR and governance

From the viewpoint of CSR and governance, the company upholds that CSR is part of the company’s overall business strategy; and CSR is incorporated in the governance structure. The company has identified its CSR areas in the local context, which include improving access to education and health services to the locals; support to women, children, persons with disability, and street children; environment protection activities; and support to farmers, entertainment, art and sport in addition to the parent company’s CSR ambitions including waste management, protecting the environment, carbon control, energy consumption, water consumption, reduce and reuse waste products and packages, and reinforce safe working conditions.

Nonetheless, there is no well written CSR policy. The company justifies this stating that its CSR areas may not be written in a very detailed and sophisticated way as a policy, but the company has a value system and shared belief of giving back to the community. The company defends that to engage in CSR is central to the company’s philosophy, though it may not be coded in policy documents. One of the respondents disclosed,

“We focus on doing the CSR, not on promoting it for marketing purpose. The cultural values in the local setting affect the manager’s values. Supporting others and giving to the less fortunate is in the veins of the culture here. Even if you do not want to, you cannot avoid it. There are lots of CSR interventions we plan to engage in. The problems are vast and what we have done so far does not even address a slice of the problems” (M1).

However, the vision and mission of the company does not reflect the CSR engagements of the brewery. The company justifies this by stating that it does not want to use its CSR initiatives and activities to pursue marketing objectives. One respondent said,
As we are not interested in publicizing and doing PR propaganda over what we do in terms of CSR, you do not see it in our vision and mission statements” (M2).

In connection to how CSR functions in the company, it was found that the marketing department is responsible for the implementation of CSR in the local operating company. More so the company insists that everyone in the organization is responsible for CSR.

Regarding CSR reporting, the company managers maintained that the motive is not to report. It is claimed that the company is not performing CSR with the intention of reporting it to a monitoring body. Rather the company affirms that it undertakes CSR initiatives out of ethical obligation. The company further illustrates that it does not do it to be appreciated or because it is watched by external authorities, it does it because it is the company’s value to be there for the public in thin and thick given its capacity. So, the company claims that it does not report to anyone; and it is not interested in PR like movements. The company’s position is rather it does CSR to the society, and the society feels its contribution and rewards the company back in various forms.

Therefore, as results show, from governance point of view, there is a designated unit -the marketing department, which is responsible for the implementation of CSR in the local operating company; and it is learnt that the company has defined its CSR priority areas. Nonetheless, the company has no a formal and explicit CSR policy. CSR is mainly based on shared belief and value system of giving back to the society. Moreover, the vision and mission of the company does not reflect the CSR engagements of the brewery. To the contrary, CSR authors uphold that in order to act responsibly, businesses have to integrate CSR in their governance structures such as through CSR policies and codes of conduct (Beltratti, 2005; Shahin & Zairi, 2007; Spitzeck, 2009). Further, even though CSR reporting is considered as an important aspect to communicate the CSR engagements of a business and to fulfill its responsibility to in how it accounts for its CSR (Kolk, 2008; Whetten, et al., 2002), the study found out that the company does not issue reports containing its CSR performance. So, except for the lack of formal and explicit CSR policy, the presence of a designated department to coordinate the CSR practices of the company and the identification of CSR intervention areas imply that governance is still the source for engaging in CSR for this particular company. The managers of the company also confirm that these mechanisms are the source of CSR for the company.
1.1.3.3. CSR and company values

In examining why the company engages in CSR from the perspective of CSR and company values, it was found that the company’s value, which is based on the philosophy that “to give is duty,” is explained as one of the reasons why the company engages in CSR. The company views CSR as duty. The interview information reveals that in the local setting, the country has a major, deep rooted culture that is characterized by helping one another; and the sense of responsibility to others is part of the creed and culture of the country, and it is disclosed that despite the evolution of terms and terminologies, social responsibility to one another is an age old practice that is embedded in the country’s cultural practices and values. The managers state that people lived here for centuries helping each other in difficult circumstances even before the advent of businesses. It is further averred that the people have their own traditional practices such as Equb and Edir that aim to tackle part of social problems. So, the company admits that the value to support and give to others is at the center of the cultural setting in the study context.

With respect to the societal and ethical obligations that the company has towards the society that goes beyond the limited legal and economic obligations, the company claims that whatever it does with respect to CSR is to help communities and that is based on an ethical obligation; and it is not primarily expecting something else from the community in return. Furthermore, the company asserts that the management always promotes the idea of being reasonable and fosters the very sense of equity, which is fairness and justice in decision-making; which the management upholds in principle. It is unveiled that the management strives to be ethical all the time because it is believed that only ethical practices ensure the sustainability of the company’s business. Precisely stated, the company confers that if it stands to be unethical, it will cost the company a lot even to the extent of getting drawn out of market.

Hence, in investigating the CSR value, the results above hold that the company’s CSR value system depends on the idea to give back to communities is a duty. It upholds that it has a responsibility to give back to communities and management decisions integrate ethical

---

13 Equb and Edir are cultural cooperatives that are widely accepted in the Ethiopia. They are a form of indigenous informal financial institutions. Equb is a rotating saving and credit association, whereas, Edir mainly supports family members on the death of the member or a relative of the member. Details available at [http://www.globenet.org/](http://www.globenet.org/), [http://stud.epsilon.slu.se/3995/](http://stud.epsilon.slu.se/3995/), retrieved on 25 May 2015.
Moreover, the company acknowledges that being ethical in one’s business practices pays off and behaving in unethical manner can have unwanted consequences that could even go to the extent of losing one’s market. In other words, the interview result with the managers asserted that the CSR value of the company – “giving back to communities is a duty” – is one of the reasons why the company engages in CSR. From CSR and Values perspective, integrating ethical values in management decisions is necessary because such ethical values provide a greater bastion for corporate behavior (Crook, 2005; Maon, et al., 2010; Vives, 2008).

**1.1.3.4. CSR and public Pressures & expectations**

In examining why the company engages in CSR from the perspective of public pressures and expectations, the interview questions focused on identifying whether there are pressures (from NGOs/civic society campaigners, trade unions, and the media) upon the company in the local context demanding for (more) CSR commitments and what international CSR initiatives/tools the company applies.

With reference to whether there is a pressure upon the company from NGOs/civic society campaigners, trade unions, and the media for more CSR commitments, the company confirms that there are no major pressures from such groups in the local context; instead the company claims it is performing its CSR practices proactively. The company holds that it has already been doing a lot of CSR even before any group or stakeholders come and request the company to engage in activities that are socially and environmentally necessary. In other words, the company avers that it does not face any explicit or implicit demands from such groups in a form of organized pressure. The company asserts that it takes the initiative itself to take up interventions to work towards CSR. The managers declared that the company embarked on supporting health service development activities or education expansion projects or even to helping disadvantaged women and children by taking the initiative on its own. The company’s view is that it did not wait until some kind of public mob or pressure confronted it to engage in CSR. It is maintained that the company has been doing it and will keep doing it proactively. In connection, it was found that the company partners with NGOs in its CSR engagements in the local context. Nonetheless, the company admits that there are requests that come to it from individuals, groups and institution seeking support and the company does mostly support those who need its helping hand. In this regard, it maintains
that it does sponsor different projects including artists and legendary people in Ethiopian music and art.

With respect to international pressure or initiatives that the company applies, the conviction in the local company is that circumstances are unique in the local setting. It is maintained that there exists unique cultural, demographic and economic facets. It is taken in the company that the country has unique beliefs, norms and values; as such the company does not depend heavily on international frameworks in executing its CSR programs. The company stresses that in the local setting, market structure as well as the socio-economic conditions and even demographic and environmental factors are unique. As a result the company does not believe that the “so called international initiatives are suitable to its local conditions” (M1); instead the company claims it uses its own indigenous wisdom that perfectly fits to the problems in the local context. In the words of one of the respondents, it is said-

“The problem here is unique. The county has unique beliefs, norms and values. The lived experience is different and unique in countries like Ethiopia as opposed to the agendas of the international frameworks. For example, it is not an honorable practice to talk about one’s good deeds to others, such as promoting your CSR or to publicize your CSR and proclaim that you are doing good things to the public. So, our framework and the initiative stem from the socio-cultural and economic framework of the local setting. It is very difficult to give pattern to the social problems here, so we operate our CSR programs flexibly to address those indigenous problems” (M1).

Thus, in view of public pressures & expectations that may demand businesses for (more) CSR, the interview result with the company managers assert that there is no major pressures of such form in the local setting to influence the company to engage in CSR; it is rather based on self-initiative that the company is performing CSR. The company performs its CSR practices voluntarily. In other words, it was found that except for scattered requests that come from individuals and even from some organizations requesting sponsorship and donations, there exist no organized implicit and explicit demands for more CSR in the local context. The company also dismisses the appropriateness of international CSR frameworks due to unique circumstances in the local context. Even though CSR literature indicates that such conditions as public pressures and expectations influence businesses to consider socially responsible
behavior (Ribstein, 2005; Ward, 2004), there are no strong public pressures in the local context that force this case company to engage in (more) CSR commitments. It claims it performs its CSR practices proactively. In addition the company does not utilize any form of international CSR framework or guideline. That means pressures from those identified groups in the local context demanding for (more) CSR do not exist, at least in this company’s case; nor the company applies international CSR guidelines or frameworks; so public pressures are hardly the reason, at least for this company, why the company performs CSR in the local context.

1.1.3.5. CSR and the Law

This section presents the assessment of why the company engages in CSR from the perspective of CSR and the law. Accordingly, it may explore the situation from the viewpoints of whether there is legal requirement for the company to do CSR, semi-legal tools it applies, and its participation in public policy dialogue.

Regarding what national law enforcement is the company expected to comply with regarding CSR activities, the interview result with company managers revealed that there is no direct CSR law at the national level that requires businesses to do some type of CSR. As such the company undertakes its CSR programs based on self-initiative; it is not in response to compulsory CSR laws or regulations. Nonetheless, the company confirms that whenever there are nationwide calls from the government in order to support and sponsor state run development projects, the company participates willingly.

Moreover, the company acknowledges that the government is in the process of introducing CSR guideline at national level, but the company reiterates that imposing CSR law enforcement that requires businesses to comply with will not be effective in the local context given the depth and breadth of social problems that exist on the ground. It is indicated that the most challenging part of such move would lie on prioritizing and distinguishing which CSR areas to be done voluntarily and which ones mandatorily. The interview results indicate that problems are intricate and interwoven, thus compulsory CSR may not be effective. The company clarifies further that it is engaged in CSR voluntarily. There is no a law enforcement that requires the local operating company to do CSR. Despite this, the company claims that even though it is doing CSR as a voluntary program, it is taken and performed in the company as a compulsory task, a necessary duty and a useful commitment to its local
communities. The company reveals that the government, particularly the Ministry of Social and Labour Affairs is trying to introduce CSR guidelines and there was a consultative meeting with the business community in 2014.

Pertaining to the semi-legal methods that the company abides by, as discussed in the CSR and governance section above, the company claims it has a code of conduct in relation to its CSR programs; it is explained in the interview that the company’s CSR code of conduct focuses on giving priority for women and children, education and health service development, and financing business proposals that sound sustainable. In connection, the company assumes CSR as a self-imposed responsibility. Moreover, the company explained that it acknowledges that the country has complex and tremendous social problems, and, in view of this, the company claims it also encourages its partners and other businesses to participate in solving the problems; it reiterates that it encourages others to do CSR, and supports NGOs and other partner institutions to expand their philanthropic efforts.

Finally, in line with the company’s participation in public policy dialogue, the company reacts that it does not take part in any political-related issue; and it believes that politics and policy-making is in the realm of the national government. In other words, the company claims that the culture of public policy dialogue is not well developed in the country, and laws and policies are mainly drafted and enacted by the state; and the company does not wish to involve in any political empowerment process of communities.

Thus, there is no a law enforcement that requires the local operating company to do CSR; instead the company sticks to its value system of giving back to the society as code of conduct to self-regulate. Additionally, the interview results with the company’s managers even suggest that practical problems on the ground are complex, thus strict enforcement of compulsory CSR may not be effective in the local context. This reality is compatible with what Vives (2008) said that enforcing strict CSR laws particularly in the case of developing countries is less realistic. Further, although codes are considered as an important self-regulatory instruments (Rahim, 2013), the irony is, however, the code of conduct of the company is again in the value system of the company that is understood implicitly as a shared belief; it is not documented in a written form. Moreover, although it is suggested that businesses may have to participate in public policy dialogue in addition to acting within the law to contribute to enrichment and refining of existing laws (Business Roundtable, 2012) the company under the study does not participate in public policy dialogue as it chooses to leave
such issues to the policy-makers and it is also indicated that company does not wish to involve in any political empowerment process of communities. In brief, laws are not taken as one source of CSR in the local context, at least according to the study results with this company.

1.1.3.6. CSR and stakeholders

The details of what types of CSR the company performs to its various stakeholders including shareholders(owners), employees, local communities, customers, farmers and the environment was explained in the earlier sections of this part, which addressed the first research question of the study, i.e. what CSR practices does the company undertake. Meanwhile, while investigating the stakeholders as one of the sources (drivers) of the company’s CSR, the question in focus is why the company does engage in CSR from the stakeholders’ perspective? As indicated in the start of this section, the company managers opted to provide a general response as to why they engage in CSR from the overall stakeholders’ perspective instead of segregating between internal and external stakeholders to provide the bigger picture of why they do CSR from stakeholder’s perspective. Therefore, the result which relates to the question of why the company engages in CSR from the perspectives of CSR and internal stakeholders, & CSR and external Stakeholders is combined together under one topic -CSR and stakeholders, in this analysis.

Accordingly, the study result shows that in terms of why the company engages in CSR from stakeholders’ perspective, the company managers assert that stakeholders are one of the reasons why it engages in CSR because the company chooses to be responsive to the interests of its major stakeholders. That is responsiveness to stakeholders is considered as one of the compelling reasons for the company to engage in CSR practices.

In this connection, it is maintained that in order to better address the interests of its stakeholders (to be more responsive), the company categorizes its stakeholders into two parts: internal stakeholders and external stakeholders. While internal stakeholders are the owners and employees of the company, the external stakeholders are all involved in the company’s supply chain starting from the factory where the beer is made to the consumption end; it is illustrated that agents, distributors, local community, NGOs, and the government are categorized as part of the company’s external stakeholders. Moreover, from the viewpoint of dialogues with stakeholders, the company engages in dialogues with community members
when it expands its business premises or when it opens additional plants; this is done primarily to understand the concerns of the communities and address problems that arise from the company’s part due to its business decisions that affect the stakeholders. Otherwise, it was found that the company mostly undertakes dialogues and discussions with NGOs that it works with. Overall, the company claims that it does value all its stakeholders equally and they all deserve a fair CSR attention.

Thus, according to the result above, the company acknowledges that one of the reasons why it engages in CSR is to be responsive to its stakeholders, both its internal and external stakeholders that include employees, local communities, customers, farmers and the environment. It is underscored that the company strives to give fairly equal attention to the interests of its various stakeholders. This is in line is with the idea that modern day businesses need to place responsible attention to stakeholder interests in order to strengthen their relationships with stakeholders with the goal of minimizing conflicts with stakeholders and maximizing the loyalty of the stakeholders (Ali, et al., 2010; Millon, 2010). When it comes to dialogues, despite what is contained in CSR literature that stakeholder dialogue/multi-stakeholder dialogue is an aspect of CSR, which helps businesses better address stakeholders’ interests by developing relationships with the stakeholders (Albareda, et al., 2007; Payne & Calton, 2004), it was found the company’s dialogues are mostly confined to its partner NGOs. Nevertheless, discussions with local communities are also considered whenever the need arises in circumstances such as when the company expands its business premises or opens new plants in particular areas.

1.1.4. Benefits and barriers of implementing CSR in the local context

Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #1

As part of the level I analysis, the previous two sections provided answers to the first and the second research questions of the study, given the case company under the analysis. To wind up this level of analysis, there is one more research question that needs to be addressed; and that is about the benefits and barriers of implementing CSR in the local context. The interview data set with the company managers serves as the basis to answer this question.

With reference to the question of what benefits do implementing CSR has brought about for the company in the local market. The interview responses of the company managers affirm
that, overall, implementing CSR has helped the company build up its image; it is indicated
that CSR has enriched the company’s reputation. The other question presented to the
managers was their perspective on the barriers to the company’s CSR practices in the local
context. Accordingly, it was found that there are many barriers that the company faces in its
commitment to implement CSR. The first one is lack of awareness about CSR; the company
describes the situation that the awareness about CSR is limited in the country. In connection,
it is shown that due to this limited awareness, some dishonest institutions and individuals
attempt to abuse the company’s CSR programs; the interview response of the company
managers reiterated that some individuals and institutions want to influence and abuse its
CSR programs. The second barrier that is pointed out by the company is the lack of CSR
guideline or legal framework or any other mechanism to support, strengthen, and coordinate
CSR activities. It is disclosed that the state is ineffective in terms of promoting and
appreciating CSR practices. The third barrier indicated by this company is bureaucratic
bottlenecks at the local administrative offices and public institutions, which even stifle the
company’s CSR programs. In connection, it is outlined that there are public institutions/
government organizations including government ministries that lack awareness about CSR. A
further barrier underscored is time barrier; the company highlights that it is devoted to a lot of
CSR activities, and that takes time.

In other words, the company refers to most of the barriers as externally linked; and the crucial
problem that the company faces in executing its CSR program emanates from the local
administrators such as sub-city administrators, who tend to be uncooperative to the company
in running its CSR programs. The company criticizes that while it is highly motivated and
committed to carry out its CSR initiatives, obstacles from the local authorities/ their
uncooperativeness causes disappointment. Further, it is asserted that the other main challenge
is problems are immense in the country, there are tremendous social problems; even though
the company claims to be committed to CSR, the broad and wide social problems that exist in
the local setting are overwhelming and have serious financial implication to the company. In
order to indicate the severity of the latter issue, it is worthwhile to attend to the following
statement,

“We are overwhelmed with social problems, and we cannot cure all
social ills in the country. So, this enormity of problems tests our
financial capacity. Because of this there are lots of people with real
social problems that we did not manage to reach. That entails financial constraint from the internal perspective” (M2).

As a result, in the assessment of benefits of and barriers to CSR in the local setting, it was found that the benefit of implementing CSR is found to be improving the company’s image and reputation. This confirms to the idea that CSR has positive effects on company image and reputation (Burke & Logsdon, 1996; Kurucz, et al., 2008; Weber, 2008).

In terms of barriers, this company affirmed that there are numerous externally linked barriers that it faces in its CSR engagement. The barriers include (1) limited awareness about CSR in the local setting. There is lack of awareness about CSR; public institutions/ government organizations including ministries that lack awareness about CSR, (2) absence of CSR framework or guideline at the national level that promotes CSR, (3) bureaucratic bottlenecks that even stifle the company’s CSR program as the local administrators are mostly uncooperative, and (4) overwhelming social problems in the local setting. Excepting the last type of barrier above, the other barriers relate to the list of CSR challenges identified by Berad (2011) such as lack of community participation in CSR activities; narrow perception towards CSR initiatives; and non-availability of clear CSR guidelines.

1.2. Level II – The International Company’s CSR Ambitions and Goals: Case #1

In this level of analysis three major aspects would be investigated with respect to the case company under the analysis: (1) the analysis begins with identifying the CSR ambitions and goals of the parent company, in so doing the major CSR goals of the parent company are identified mainly based on the company’s document review. This is undertaken with the prime purpose of answering the fourth research question of the study, How are the international CSR strategies (and ambitions) of international companies implemented in the LDC context? Then (2) the analysis displays results on how those ambitions and goals are implemented locally (i.e. in line with the issue of whether there is autonomy or not); the information for this comes from the document studies (websites and company reports) as well as interview data set. And finally this second level of analysis comes to a conclusion by presenting (3) the results regarding how/to what extent are these CSR ambitions/goals are implemented locally in the Ethiopian subsidiary; the information for this comes from interview responses of the company managers.
1.2.1. The CSR ambitions and goals of the international company

As highlighted in the document study chapter of this research, the parent company prides itself for being socially and environmentally responsible with commitment to sustainable development. Moreover, the company underscores it has a strong attachment to the various regions and territories where the company has its subsidiaries. The parent company emphasizes it is deeply concerned about the environment and the society, and it cannot envision the future without considering the environment. Furthermore, it was indicated that sustainable development is the company’s strategic approach as sustainability is of paramount importance for reasons such as sustainability creates value, the market demands it and it is a tool for the company to justify its solidarity with the industry.

Accordingly, the CSR ambitions of the parent company comprises of specific areas including waste management, protecting the environment and preserving biodiversity, carbon control, reducing energy consumption, efficiency in water consumption, reduce and reuse waste products, reinforce safe working conditions, and proper bottling, trim, and packaging.

1.2.2. Results on how the international CSR ambitions and goals are implemented locally – Case #1

Research question 4 – How are the international CSR strategies (and ambitions) of the international companies implemented in the local context? Case #1

As presented earlier there are various CSR ambitions that are identified by the parent company. In view of this, the text below outlines the results of how the international ambitions and goals are implemented locally based on the interview information. This is done in line with the CSR performance ambitions stated by the international company. Moreover, following the results of the analysis of how these CSR performance ambitions are implemented locally, a brief text is presented to highlight how CSR functions in the local company and the level of autonomy exercised. The respondents made remarks about these different dimensions (goals/ambitions) during the interview process even though the questions were scattered in the interview schedule.

The first ambition focuses on waste management. The parent company’s ambition with respect to waste management is to make sure that its operating companies work towards limiting and processing effluent production, undertake waste treatment, and protecting water sources. In investigating the activities of the local company in this regard, it was found that
there are waste water treatment plants that treat the waste water before releasing it to the environment, and this is done to ensure that the waste water released contains no harmful chemicals and wastes when it reenters the ecosystem. The local operating company has modern waste water treatment plants in all of its plants in the local settings.

The second ambition of the international company focuses on protecting the environment and preserving biodiversity, the ambition at the international level is to support wild life, controlling the use of chemicals and fertilizers that impact the biodiversity, and stimulating the natural defenses of the plant species. In the local setting, the subsidiary does involve in environment protection activities involving planting trees, and participates in green and clean initiatives that are aimed at nurturing the environment.

The third one deals with carbon control ambitions that focus among others on calculating carbon footprint and undertaking R&D for carbon footprint tool. In the local context, it is indicated by the local operator that carbon dioxide is one of the most important resources that the company uses in producing beers. In line with this the interview response of the company managers discloses that the company catches/harvests all the carbon dioxide that comes out of the production process; it is asserted that carbon dioxide is a vital resource for brewing companies. Besides using the carbon for its own production, the company even sells carbon dioxide for other beverage firms such as soft drink companies in the country. Further, the information obtained from the Ethiopian Ministry of Environment and Forest indicates that the brewery sector of the country is not considered as one of the highest carbon polluters.

The fourth CSR ambition of the international company relates to the issue of energy consumption. The parent company is concerned with controlling the energy consumption of its operating businesses; more specifically goals with the energy consumption effort include maximizing use of natural light, installing automatic circuit breakers with motion detectors, and exploring renewable energy possibilities. In line with this the local subsidiary uses the municipality energy sources that are hydro power energy. There is no indication that the local company uses alternative energy sources such as renewable energy. In other words, the interview data with this company revealed that concerning energy/power consumption, the local company admitted that it does not pride itself for implementing methods that reduce energy (power) consumption for the time being. It is disclosed that the local company depends and uses the hydroelectric power like all other companies in the country, and it uses it in the same way that most companies use this energy. It was found that presently the
company does not use any latest technology or process to be energy efficient. Especially, when the company uses generators (when there is electric power interruption), its power consumption gets so high reaching the extent of over 30 to 40% of the usual level of consumption, which itself the local company considers inefficient. But, the managers indicated that the local company is currently considering the issue of how to get energy efficient, and aspires to be energy efficient in the future.

The fifth aspect of the parent company’s CSR ambition is water consumption. Accordingly, this water consumption ambition is concerned with saving water and recycling water. In the local operating company, the source of the majority of water is from underground ponds and the company claims that it has a water reserve from underground for the next ninety two years. It claims that in order to save the municipality from using the water supply that is meant for the public, the company uses less than 10% of water from the total amount of its consumption from the municipality, it claims that over 90% of the water consumption is from the subsidiary’s own ground water, which the company taps with its own cost. Moreover, as the ground water is not pure enough to make the beer, the company uses a water treatment plant that applies a reverse osmosis technology that makes the ground water potable. Nonetheless, there is no attempt to save water through recycling. What is revealed is that the company uses twelve liters of water to produce a liter of beer and the rest eleven liters of water is treated as waste water, which is just treated for its waste and released.

The sixth international ambition is to reduce and reuse waste products. This ambition focuses on waste sorting for recycling, recycling of packaging, R&D in partnership with suppliers and partners to optimize recycling and reduce waste. It is indicated earlier that the local company employs waste treatment plants to treat its wastes so that when released the treated wastes would not be harmful to the environment. Further, the local subsidiary reuses wastes such as spent grain for cattle feeding purpose so that local farmers and diary businesses depend on the company’s spent grain for feeding their cattle, and other wastes are also used as fertilizers to the local farmers and communities. Regarding recycling of packaging, it was found that the local subsidiary uses glass bottles to distribute it beers and the bottles are reusable and even broken bottles could be recycled. Concerning the R&D with partners, it is disclosed that the local operator works closely with a local research institute that works on improved malt barley research and development endeavors.
The seventh area deals with reinforcing safe working conditions and this is concerned with limiting employees’ exposure to industrial accident. Regarding the local subsidiary’s commitment to reinforcing safe working conditions, it was found that the company is concerned about the safety and health of its employees. Employees are provided with the necessary safety tools and equipment including safety clothes, shoes, gloves, goggles and ear plugs, and the safety officer provides training and creates awareness about safety issues regularly. The company is also concerned about the employees’ health and it is confirmed that the employees have full medical coverage as well as a twenty four hour health and accident insurance coverage. Furthermore, it was discovered that there is a scheme called “Solidarity Fund” in the subsidiary that is entirely devoted in addressing the health issues of the employees in the local operating company. This solidarity fund is a health care program in the local company to help employees get medical treatment abroad when the illness is not treatable in local hospitals. Formerly, every employee of the organization used to contribute 1% of their monthly salary to the fund. The employees association also contributes a certain amount to the fund, and equivalent to the combined amount contributed by the employees and their association, the company also contributes to the solidarity fund; that is 50% of the entire fund. It is disclosed that the company has recently disbursed 5.5 million birr (250,000 Euros) from the solidarity fund to get one of the company’s employees get medical treatment abroad for blood cancer (leukemia) and the medication was successful and the employee was successfully reinstated in his employment. One of the company managers said the following about describing the experience of the employee, who got the treatment abroad, “For the patient’s sister’s bone marrow was compatible to him, so they both travelled abroad for the treatment that he needed, and he is now cured and working. The chance to recover was rare but he made it. He resumed his work and we feel delighted to see him around. I myself also was diagnosed with kidney cancer in the past and it was diagnosed early only the tip of the kidney was affected. Thus I had to go to the USA to get the treatment and it was successful, and the cancer is treated there. His and my medical bills are paid from the solidarity fund” (M2).

The eighth CSR ambition of the parent company centers around bottling, trimming, and packaging with interest in overseeing the use of light bottles, application of solvent-free inks, reduction of thickness of plastic containers, reuse over pack containers; in this regard it was
found that the local company reuses the bottles to distribute its products. It is shown that the bottles are worth more than the price of the beer itself and are well taken care of throughout the distribution channels; and all the bottles are reusable. The distributors, agents and the outlets return the bottles to the company. The same thing holds true for the treatment of overpack containers that contain the bottles, it is worth money and all are reusable.

In general, the interview information with the company managers reveals that the local company has autonomy in exercising the local CSR initiatives; and it is disclosed that the marketing department is solely responsible for the CSR programs in the subsidiary. Further, it is indicated that the parent company motivates the local subsidiary to engage in CSR and is supportive of the CSR programs that are executed in the local context. It is also maintained that every CSR activity that the local operator is undertaking is made known to the parent company. In connection, results show that the ownership structure of the company, which is a family business, did help the local subsidiary to make swift decisions including on matters that relate to local CSR programs. The local subsidiary indicated that it can make quick decisions on CSR implementations due to the simple ownership structure of the company. Moreover, the company underlines that due to the unique nature of the prevalent social-economic problems, that the CSR program of the company strives to reach, it operates autonomously using indigenous approaches and wisdom that are suitable to the local phenomenon instead of international frameworks and guidelines.

As results indicated, this local operating company is autonomous and applies a decentralized CSR approach that fits to the demands of the local setting. This approach has advantages of being responsive and adaptive to the demands of the local context and enables businesses to customize their CSR practices based on the local cultural differences and preferences (Jamali, 2010). Consequently, of the list of the international CSR ambitions of the parent company, some are highly emphasized and widely practiced in the local setting. Accordingly, among the list of all international CSR ambitions of the parent company, waste management, reduction and reuse of waste products, and reinforcing safe working conditions seem to be extensively practiced in the local setting than the other ambitions such as carbon control, reducing energy consumption, and implementation of efficient water consumption methods.
1.3. Summary

This part presented the study results of company Case #1. It outlined the CSR practices that the case company performs, why it performs CSR, the benefits and barriers of implementing CSR in the local context, and how the company implements its international CSR strategies/ambitions in the local context. This section provides summary of the findings according to the research questions.

**Research question 1 – What CSR practices do the selected breweries undertake? Case #1**

First, in studying what types of CSR practices the case company performs, the study results identified that there are a number of CSR practices that the case company performs towards its shareholders, employees, the local community, customers, farmers, and the environment.

- With regards to CSR to shareholders/owners, it was found that the company is doing its best to serve the interest of its owners by being transparent to the owners and supplying all the information required on a timely basis. It was noted that the business is closely supervised and there is a close and quick interaction between the managers and the owners of the company.

- With reference to CSR to employees, it was discovered that there are various CSR practices that the company undertakes towards its employees, including providing full health care coverage and round-the-clock health and accident insurance; solidarity fund to cover medical expenses of critical illnesses of employees for treatment in foreign hospitals, inflation adjustment payment, annual bonus, occupational health and safety standards to protect employees from industrial accidents that involves supplying employees all the necessary safety equipment and safety training to the employees by the safety officers; offer attractive pay and benefits to the employees; supporting retired employees financially to run businesses/beer houses; providing training and education opportunities along with promising career opportunities; support and strengthen the employees’ association; host company-wide socialization programs during holidays, distributing holiday gifts and holiday money to the employees, and administer grievance handling procedures.
However, there are certain complaints that the employees raised, which include problems of favoritism, partiality, and personal biases that threaten fairness and equity; only limited number of employees participate in CSR; laborers and unskilled employees are poorly remunerated; there is a wide salary and benefits gap between employees and managers; employee benefits are less attractive compared to the sector standard; heavy workloads and pressures; employees families do not get medical care (instead the company provides family medical care only for executives); there are no child care services and there are no breast feeding rooms for nursing mothers; accident still happen in the factories; employees are not encouraged to volunteer in other organizations to share their skills and experience; some managers lack management knowledge; management does not consult employees for their ideas and views in decision-making, and finally that there is discrimination among the various departments within the company. It was unveiled that the marketing and sales department receives a preferential treatment than others, which entails difference in benefits and privileges among employees who work in different departments and even individual employee discrimination prevails due to personal bias, partiality and favoritism that is even reflected in benefits and compensations that the employees receive. Thus, the management of the company may have to duly consider these concerns of employees’ concerns.

• With respect to the local community, it was found that there are a number of community focused CSR practices, which include creation of job opportunities for locals; implementing projects that enhance access to education (built few schools for the public already) and expanding health care services by partnering with an NGO; participation in women empowerment projects; extending support to persons with disability and providing employment opportunities for disabled persons; render support to street children; promoting and sponsoring sport, entertainment, social and cultural events; promoting and sponsoring art and art-related works; motivate farmers to improve productivity through the company’s “Country Fair” program; sponsoring and collaboration with agricultural development research institutes; and hold dialogues with the members of the local community.

• Regarding customer-oriented CSR activities, it was identified that there are certain CSR practices that the company performs to both its distributors (agents, wholesalers,
and retailers) and individual consumers. With respect to distributors, the company claims it offers them training on improving socially responsible behavior and it evaluates the agents and distributors for their commitment to socially responsible practices before partnering with them. With regard to consumers, the company claims that it is working to improve consumer information availability. Towards this end, the company insists that in all forms of its communication with the public, it is concerned with the age of the consumers, and allows the public to visit its factories. In addition, the company provides training to people who work at major outlets to facilitate for customer information availability about its products. Further, the company claims that it is advertising is truthful, and it promotes responsible drinking. Nonetheless, interview results from government authorities, academics, and NGOs criticizes the brewery sector for its poor consumer information availability such as poor labels and insufficient information about its products and for its aggressive and tempting advertising that is indiscriminate of the age of the audience; which is affecting and enticing the youth for more consumption. Moreover, critics maintained that the brewery sector is not doing enough in line with promoting responsible drinking.

- With respect to farmers’ centered CSR activities, it was found out that unlike the other case companies, this brewery does not engage with a defined group of farmers to work closely with in terms of developing their productivity and welfare. The only farmers’ centered CSR practices of this particular brewery is its “Country Fair” program that is taken as a key platform for the company to engage itself with the farming communities. With this “Country Fair” program, the company takes up tours even to remote rural areas to meet farmers and hold dialogues and discussion with them. It uses this platform to educate and sensitize farmer communities about health issues such as HIV prevention and care; discuss with the farmer communities to educate them inculcate the idea and benefits of competitiveness in the farming sector, which is the company orients the farmers to be competitive and improve the quality and quantity of their crops so that they can generate higher income and improve their livelihood; and it also distributes small agricultural tools for the farmers for encouraging and motivating them.

- In terms of CSR to the environment, the main practices that the company performs are planting trees and participation in local green and clean initiatives, along with
supporting institutions that work on research and development that aims at nurturing the environment. In addition, the company has water and waste treatment plants. While the water treatment plant is used to treat (purify) the ground water that it uses in production, the waste treatment plant is used to treat the company’s effluents. In connection, there are favorable practices such as using part of the company’s waste as fertilizer for the local farmers and communities, and byproducts such as spent grain are used as animal feed.

Nonetheless, results of the research drawn from the interviews with the government authorities and NGOs indicate that the brewery sector lacks a robust commitment to nurturing the environment and the resources it does host. An instance of this sort could be, in this particular company, it was found that the company uses 12 liters of water to produce just a liter of beer, and the remaining 11 liters of water is a waste; it is never recycled, it just got released after being treated for waste. Of course, the company has ample ground water resources to use for the coming 92 years; however that does not mean that water has to be wasted. Moreover, the government authorities did not devise any mechanism to control the use of ground water. The company does not pay anything for the ground water it consumes. In connection, there are worries that even the employees and communities in the neighborhood of the brewery’s plants complained about; for example, employees indicated that there are disturbing industrial noise in the company plants where the production is going on and there is a bad smell that pollutes the air due to the barley boiling process. Local communities in the neighborhood of the factories also indicated that there is air pollution caused by the bad smell due to the boiled barley and spent grain.

**Research question 2 – Why are the companies doing CSR? Case #1**

Secondly, in terms of assessing why the company performs CSR activities, this study attempted to explore the reasons from various angles: marketing strategy (the business case for CSR), governance, values, laws, market conditions, and stakeholders.

- Accordingly, from the viewpoint of marketing (the business case for CSR), the reason for this case company to engage in CSR is because the growth and survival of the company depends on the growth and survival of the society. Moreover, it was found
that CSR helped the company build its image and improved reputation. It is also stated that CSR has improved the company’s competitiveness too.

- From governance point of view, there is a designated unit (the marketing department), which is responsible for the implementation of CSR in the local operating company. However, it was found that the company has no formal and explicit CSR policy and codes of conduct to follow up on the implementation of its CSR practices. CSR is undertaken mainly based on shared belief and value system of giving back to the society. Moreover, the company does not issue CSR reports that account for its CSR commitments. Except for the lack of formal and explicit CSR policy, the presence of a designated department to coordinate the CSR practices of the company and the identification of the CSR intervention areas signify that governance is the source for engaging in CSR for this particular company. The managers of the company also confirm that these mechanisms are the source of CSR for the company.

- From the viewpoint of CSR value, the company holds that its CSR value system depends on the very idea to “give back to communities is a duty.” It upholds that it has a responsibility to give back to communities. In other words, the interview result with the managers asserted that the CSR value of the company – “giving back to communities is a duty” – is one of the reasons why the company engages in CSR. It is also asserted by the company managers that this CSR value of the company has a strong link to the cultural realities in the country, where the sense of responsibility to others is part of the creed and culture of the country.

- In view of public pressures & expectations that require the company to do (more) CSR, the study result shows that there are no such major pressures in the local setting. The company claims it performs its CSR practices proactively. Moreover, a noticeable result emerged in line with the issue of the application of international CSR pressures or initiatives. The company challenged the universality of international CSR frameworks based on the ground that in some contexts the problems are quite unique that global frameworks can hardly address, and the company chose to apply indigenous wisdom to address what it called “indigenous social problems” that are difficult to handle through a singular, global approach. The company upholds that the country has unique beliefs, norms and values; as a result the company does not
depend on international frameworks in executing its CSR programs. That means conditions such as pressures from NGOs/civic society campaigners, trade unions, and the media in the local context demanding for (more) CSR do not exist, at least in this company’s case; nor the company applies international CSR guidelines or frameworks; so public pressures are hardly the reason, at least for this company, why the company performs CSR in the local context.

- From the perspective of CSR and the law, it was found that there is no a CSR law or regulation in the country. The company asserts that it performs CSR practices voluntarily in light of its CSR value-giving back to the society. Moreover, the company does not participate in public policy dialogue, and the company maintains that such issues are left to the policy-makers and the company does not wish to involve in any political empowerment process of communities. In brief, the law is not to be taken as one source of CSR in the local context, at least according to the study results with this company.

- From the angle of CSR and Stakeholders, the company acknowledges that it is doing CSR because it always aspires to be responsive to both its internal and external stakeholder, and in doing, so it is underscored that the company strives to give fairly equal attention to its various stakeholders. In connection, with the question of engaging in stakeholders’ dialogue to better understand and serve the interests of stakeholders, it was found that the company’s dialogues are mostly confined to its partner NGOs.

**Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #1**

Thirdly, in the assessment of the benefits and barriers to CSR in the local setting as per this company, the benefit that the company obtained by implementing CSR is improved image and reputation. Meanwhile, the barriers it confronts include limited awareness about CSR in the local setting, absence of CSR framework or guideline at the national level that promotes CSR, bureaucratic bottlenecks at local administrative offices and public institutions that even stifle the company’s CSR programs as the local administrators are mostly uncooperative, and there are overwhelming social problems in the local setting.
Research question 4 – How are international CSR strategies (and ambitions) of international companies implemented in the local context? Case #1

Finally, in terms of the implementation of the company’s international CSR strategies (and ambitions), results indicate that this local operating company is autonomous and applies a decentralized CSR approach that fits to the demands of the local setting. Consequently, of the list of the international CSR ambitions of the parent company, some are highly emphasized and widely practiced in the local setting. Accordingly, of the several international CSR ambitions of the parent company, waste management, reduction and reuse of waste products, and reinforcing safe working conditions are extensively practiced in the local setting than the other ambitions, which relate to such as carbon control, reducing energy consumption, and efficient water use.
Analysis of the CSR Practices of Case #2

1.1. Level I – Local Situation: Case #2’s Local CSR

In this first level of the analysis of Case #2’s CSR, three of the research questions pertaining to the CSR practices of the company are addressed. The first part of the analysis answers the question, what CSR practices is Case #2 undertaking. Once this question is answered, the next consideration is to answer the second research question, which is why the company engages in those CSR practices. Later on this level of analysis finishes by providing answer to the third research question: What benefits and barriers does implementing CSR have for the company in the local context?

Research question 1 – What CSR practices do the selected breweries undertake? Case #2

The first part of this section starts with answering the research question – What CSR practices are the breweries undertaking? This time it looks at the CSR practices of the second case company (Case #2), which is a local brewery. The results will first display the CSR practices of the company as claimed by the managers, followed by the triangulation of the responses from employees, NGOs, government authorities, farmers and academics, with respect to what CSR practices the company is engaged in. While the responses of the managers, the employees, and farmers could be made specific to each company under consideration, the responses from other external stakeholders including the government authorities, NGOs, and academics are analyzed in aggregate in Appendix 9, as the responses provided by these external stakeholders are pointed at the brewery sector in general. For the interest of the analysis, the managers who were part of the interviews from this case company are identified as M3 and M4, while the employees who were involved in the interview from this particular company are identified as E4, E5, and E6.

To begin with, it was noted in the theoretical foundations that CSR is recognized as a responsible way of doing business, which involves taking initiatives to be responsive to the needs of stakeholders in order to offer social and environmental benefits to those stakeholders including shareholders, employees, customers, local community, suppliers (such as farmers), and the environment (Bondy, et al., 2012; Ho, 2013; Sjåfjell, 2011; Sprinkle & Maines, 2010). In view of this general perspective, the study starts with exploring how CSR is taken up in this particular company and then it attempts to assess what CSR practices the company is undertaking, to answer the first research question of the study.
1.1.1. Understanding of CSR in the company

With respect to investigating how CSR is understood in the company, the managers were asked the straightforward question of how CSR is taken in their company. The findings indicate that CSR is understood in the company as goals that a business designs and implements to deliver a positive contribution to the society by participating in various activities or initiatives, ranging from alleviating societal problems to that of taking part in environmental protection activities. The managers assert that CSR is a duty in response to social and environmental concerns in the areas that a business operates, it is understood as a responsibility for both the society and the environment with the goal to be a positive impact. One respondent stated:

“Corporate social responsibility is a duty that a company such as ours takes up in order to respond to social and environmental concerns in the areas where one runs its business operations. That’s the understanding that we have about corporate social responsibility. It is a responsibility for both the society and the physical environment. In this regard there are numerous CSR initiatives that our brewery is undertaking, both in terms of addressing social problems and protecting the environment” (M4).

Therefore, the above result indicates that the managers’ understanding of CSR matches with the meaning of CSR given in the literature that CSR encompasses social and environmental responsibilities of businesses (Davis, 1973; Fenwick & Bierema, 2008; Proença & Branco, 2014).

1.1.2. CSR practices that the company performs

In view of what CSR practices the company is undertaking, the study reveals that the company is engaged in a number of CSR initiatives towards its various stakeholders including shareholders, employees, local communities, customers, farmers, and the environment. The analysis below provides the results that contain the CSR engagement of the company with its stakeholders’ constituencies.

1.1.2.1. CSR to shareholders (owners)

Based on the interview result with the company managers, with respect to the CSR engagement of the company to its shareholders in general and its shareholders in particular, it
was found that the company tends to be transparent to the entire set of its stakeholders, and it claims that information is made easily available to those who need it. Particular to its shareholders, the company affirms that all information the shareholders require is made available promptly; it even produces financial reports to the shareholders on a monthly basis. One respondent shared:

“The shareholders get all information they want without a delay at all. If they want to have it, they can even be given a weekly financial report. We are very transparent” (M3).

The result above indicates that the company is committed to be transparent to its shareholders by providing timely information and even it is ready to supply the necessary information to shareholders whenever it is needed. As indicated in the CSR literature, being concerned about shareholders and providing them the necessary information (transparent communication) on a timely basis is one aspect of a company’s responsibility (Business Roundtable, 2012; Hong & Xiaoli, 2010; Ribstein, 2005).

1.1.2.2. CSR to employees – Company perspective

It was indicated earlier in the theoretical foundations that a company’s CSR practices to its employees cover a range of activities such as fostering the right to association and collective bargaining, providing a working environment that is healthy, safe and hygienic, elimination of discrimination, abolition of forced labor, fairness and equity in pay/ attractive pay, employee volunteering, education and training opportunities, employee participation in decision-making, attractive career opportunities, nurture required talent, access to medications & other benefits, childcare/family care services and so on (Graafland, et al., 2004; Heslin & Ochoa, 2008; McWilliams, et al., 2006; Porter & Kramer, 2006; Ruggie, 2008; Tsang, et al., 2009).

In order to present the research findings of the company’s actual CSR practices to employees, a similar mode is followed as it was done for the first case analysis, and that is two sets of analysis results are considered. The first one is based on the interviews with the company managers and the other one is from the interviews conducted with employees of the company. Firstly, the views of the managers on CSR to employees is presented, which will be followed by the views of the employees on the employee-oriented CSR practices of the company.
Accordingly, the study result of the company’s perspectives on CSR to employees starts with stating the general CSR practices that the company performs to its employees. Then, it highlights the interview results with the company managers on specific topics including employees’ influence/participation in the company’s CSR practices, fair and equitable treatment of employees, management’s openness to employees, management’s respect to employees grievances/suggestions, attractiveness of compensation and benefits packages, the company’s effort to provide attractive career opportunities, and the role of the company to support the employees’ association.

**The company’s CSR practices to employees**

In exploring the employee-centered CSR activities that the company performs, he managers indicate that the company’s CSR initiatives to its employees include a range of practices such as proper introduction to all employees right after employment, developing the skills, abilities and knowledge of employees through formal training and education, ensuring the safety and health of employees, provide attractive benefit packages and salaries, very attractive bonuses, interest free loans, holiday gifts, medical expense coverage, catering service (one free meal a day and subsidized meals), health and accident insurance, incentive plans for production workers and commission income for sales employees, salary adjustments considering the change in the cost of living and industry changes, and free transportation services to employees.

In other words, the company elaborates that one of the CSR commitments that it has to its employees is its engagement to offer all the newly hired employees proper introduction at the start of employment and beyond on continuous basis. The company believes this is useful to make the employees familiar with their work and the environment. The managers maintain that this is necessary because it contributes to create belongingness among the employees. Through its introduction program, the company attempts to make employees feel that they belong to the company. In addition the company affirms that it is concerned with developing its employees’ competence by offering them opportunities through formal training and education, towards the goal of developing their level of education and qualification. With respect to this, it is indicated that the company encourages its employees to take up further studies, granting 20 to 30 employees such opportunity annually to enroll in postgraduate studies with their tuition being paid by the company. It is also revealed that there are local and international training opportunities that are available to the company’s employees. The
interview results with the employees confirmed that the company pays for the tuition fees of employees who are enrolled in further studies.

Further, the company insists that it has a great deal of concern for the safety and health of its employees. One respondent said the following with regards to workplace safety and health,

“We apply the finest safety and health procedure in our brewery to make sure that the employees’ working environment is free from accident. We have all the necessary, and quality safety tools and materials supplied to our employees depending on the nature of their work. We distribute various safety tools to our employees and make sure that they use it properly in the workplace. Among other things, we have safety clothes and shoes, ear plugs, gloves, and goggles for all of our employees who need those materials in their workplace. Not only for those who need it in their day to day work, but also is for all employees such as those who work in the offices that we supply those safety materials in case they need it at some point in time” (M4).

However, the interview responses from employees indicate that fatal industrial accidents still happen in the company’s factories.

With respect to extending support to the employees’ association, the interview responses of the company managers maintain that the company encourages and supports the employee’s right to association. In view of this perspective, one respondent said,

“We also encourage and support the employees’ right to association. Unlike some other breweries we do not repress the employees’ association. We know of such experiences like banning or repressing employees’ associations in the other breweries, but that is not the case in our brewery” (M4).

Along this line, the interview responses of the employees reveals that even though there has been a harmonious relationship between the management and their association for a long time, lately due to the management’s failure to renew the collective agreement proposed by the association, there is a reviving disagreement at present between the management and the employees’ association.
Thus, based on the results depicted above, it can be concluded that there is a range of employee focused CSR practices, which the company undertakes starting from supporting the employees’ right to association to occupational health and safety standards and procedures as well as providing health care coverage to employees, salary adjustments, incentive plans and commission payments, bonuses, and training and education opportunities.

**Employees’ influence/participation in company’s CSR practices**

In investigating employees’ influence/participation in the company’s CSR program, the company maintains that its employees participate in the CSR programs of the company depending upon the nature of the CSR program. The managers’ position is that their employees participate in certain CSR initiatives that the company is committed to such as tree planting programs to reverse deforestation in the areas where the company operates. Beyond that, the managers claim their employees are informed about the CSR initiatives that the brewery undertakes.

In spite of these claims by the company managers, the research findings based on the interview with the employees indicate that the employees are not sufficiently involved in the CSR program of the company. The respondents from the employee group indicated that there is no rigorous commitment taken by the management to increase CSR awareness among the employees, and most CSR initiatives are done without the participation of the employees. The employees added that the employees in the marketing department are better involved in the CSR program of the company. This confirms that the company does not engage all its employees in CSR, irrespective of its managers claim that its employees do participate in the company’s CSR programs. It is rather indicated in the CSR literature that the participation of employees in company decisions, which also includes participation of employees in CSR decisions and activities, is necessary as the successful delivery of a company’s CSR depends on the employees zealous participation and commitment (Collier & Esteban, 2007; Graafland, et al., 2004; Porter & Kramer, 2006).

**Fair and equitable treatment of employees**

In examining how fairly and equitably the employees are treated in the company, the managers’ claim is that their employees are treated fairly and equitably. In other words, the managers uphold that the company is committed to ensure fairness and equity. One respondent reiterated,
“The employees are treated fairly and equitably in our brewery. The employees are our vital resource, and we do try to make sure that they are treated fairly and equitably. The relationship between the employees and management is primarily based on the collective agreement; and the collective agreement is revised every two years to accommodate for changing circumstances and to entertain more of the employees’ demands” (M3).

According to the company’s claim, its employees are treated fairly and equitably. Nonetheless, the interview results with the company’s employees indicate that there are problems of favoritism and nepotism in the company, which erode fairness and equity. The employees indicated that fairness and equity are compromised due to practices based on nepotism and favoritism. Proponents of responsible business practice disallow lack of fairness and equity, and they rather insist that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Ruggie, 2008).

Management’s openness to employees

In assessing the openness of management to employees, the interview responses of the company managers disclose that the management is open to its employees and there is a constructive work relationship between management and employees. Nonetheless, it is also admitted by the managers that more needs to be done to improve the openness of management to employees. One respondent commented,

“We acknowledge that the openness of management to its employees is not excellent, it is just good, and we admit that there are improvements to do in this regard. We will improve on making the openness of management much better. There are certain things to be done to improve it, but in its current shape we can say it is just good. We assessed the degree of management’s openness to employees recently, and we have identified gaps where such openness problems exist, and we are working towards making it better” (M3).

In connection, the interview result with the employees strongly criticizes the company’s management for its poor record of openness. The employees asserted that the management is not open to them at all. This is contrary to what is expected in the academic literature
regarding openness of management to employees, as part of its responsible business practice (Business Roundtable, 2012; Molnar & Mulvihill, 2003; Morrison & Phelps, 1999).

**Management’s respect for employees’ grievances/suggestions**

In examining how respectful the management is to its employees’ grievances/suggestions and handling of their grievances without intimidation and retribution, the company declares that there is a grievance handling procedure that employees can follow to forward their grievances freely without intimidation. Although having a grievance handling system is commendable, results with the employees’ interviews indicate that the current grievance handling mechanism is not convenient, as it involves a face to face approach unlike the previous paper-based “Complaint form” approach which gave employees more freedom and anonymity in disclosing complaints and grievances. Implementing a proper grievance handling procedure and respecting employees’ grievances is one aspect of responsible business practices (Business Roundtable, 2012; Kolk, 2008).

**Attractiveness of compensation and benefits packages**

In assessing the attractiveness of the compensation and benefit packages that the company offers to its employees, the company retorts that its employees get attractive salaries, and it is always committed to adjust the salary scales in order to make the compensation more attractive. Moreover, the company maintains that it offers generous benefit schemes to its employees. In this regard, it is disclosed that the company provides its employees full medical care coverage including a certain level of medical cost coverage even to the employees’ dependents. The managers reiterate that the company employees are provided a comprehensive health, accident, and life insurance while the employees are on duty and off duty. In addition, the company provides catering service to its employees, whereby factory workers are entitled for one free meal a day, and other employees also enjoy a highly subsidized catering service in the company. Moreover, the company avers that the annual bonuses that it provides to its employees is like no other; and the company claims in this regard that while several similar companies grant their employees a maximum annual bonus of two months’ salary, theirs is too generous as it normally amounts to five to six months bonus every year. The employees have also confirmed that the bonus scheme is very generous. Overall, one respondent said the following regarding the compensation and benefit package of the company:
“Employees’ salaries are one of the best in the sector, and there are various benefits that we provide to our employees. I judge the salaries and benefits are attractive” (M4).

Nonetheless, the employees who were part of the study indicated that even though the benefits packages are good, some more is still needed. In connection, with respect to their salaries, interview results show that the employees are not satisfied with their salaries compared to the cost of living and the salary scales of other similar companies. In view of this CSR literature indicates that it is necessary to provide proper remuneration to employees of a business, which is just and favorable remuneration (Crane, Matten, & Spence, 2008; Ruggie, 2008; Spiller, 2000).

**Company’s effort to provide attractive career opportunities**

Examining what the company does to provide attractive career opportunities to its employees and nurture their talents, it was revealed by the company managers that their company is a favorable place for career development as there are promotions and appointments to higher positions based on merit. The managers insist that they apply internal recruitment before hiring from external sources and even do supply practical experience to those employees who start working with their company with zero experience. In line with this one response was noted as,

“We are always committed to provide attractive career opportunities to our employees internally. We have promotions, and employees are aware of the next rank that they can get promoted. With our internal vacancy as a tool, we publicize positions to our employees to apply for vacant positions to get promoted to. In doing so, we focus on merit to grant the promotion to the employees. Our normal practice in filling vacant positions in the company is to first fill jobs from among employees within, and then we announce it to the nearby locals. It is when we cannot find qualified people from these immediate sources that we go hiring from national or international level. In brief, yes we care about the career of our employees, and we do let employees get promoted based on merit” (M4).

Another one added,
“There is a favorable promotion opportunity in our company. I can give you instances of such as some employees started working with us with just a high school Diploma, and through time they earned their higher degrees, and most of them are now working in management positions. So, in our brewery it is possible for anyone to reach management positions” (M3).

Moreover, following up the idea of nurturing employees’ talents, the interview responses of the managers indicate that the company is committed to develop the skills and knowledge of its employees through training and education opportunities.

Thus the results and quotation above uphold that the company is concerned about the career development needs of its employees. Indeed, results from the interviews conducted with the employees also indicate that the career development opportunities are promising in the company. Such is in line with a business’s responsible practices to its employees that involve providing employees with education and training opportunities to enhance employees learning and development (Porter & Kramer, 2006; Spiller, 2000).

**The role of the company in supporting the employees’ association**

Concerning the role of the company to encourage employees to form associations, it is indicated that the company is fully committed in supporting the existing employees’ association. Moreover, the company maintains that it has a positive relationship with the employees’ association, and the relationship is based on the collective agreement that is subject to revision every two years. Describing the condition with respect to the employees’ association, one manager underscored:

“There is an employees’ association; and the employees’ association is a strong hand to the company and the management itself. The employees’ association is a strong hand to the management because it enables the management to discuss and address the concerns of the employees through their union. The employees’ association of our brewery is just like the management team, it courageously presents the problems of the employees and strives to find out resolutions to the employees problems” (M3).
The dedication of the company to cooperate with the employees to have an association as well as supporting the employees’ association and working with it based on a collective agreement is a commendable practice in terms of empowering the employees, and doing this is in line with the major shrines of the ILO conventions (ILO, 2002) and even the Ethiopian Constitution (FDRE, 1995) and labor proclamation of Ethiopia (FDRE, 2003) that promote the rights of employees to form associations. Ensuring freedom of association is one of the responsibilities of a business to its employees (Crane, Matten, & Spence, 2008; Global Compact, 2000; Ruggie, 2008). However, the employees have indicated that despite the long lasting harmonious relationship between the management and the employees’ association, there is an emerging conflict between the two parties due to the delay from the part of the management to renew the collective agreement.

1.1.2.3. CSR to employees – Employees’ perspectives

In this particular section the employees’ assessment of the CSR commitment of the company towards the employees is highlighted. The topics covered include the employees’ understanding of CSR and their evaluation of the company’s CSR commitments to the employees. The employees’ evaluation of the company’s CSR commitment towards them begins with demonstrating the employees’ viewpoints on the types of CSR activities that the company undertakes towards the company employees, then it displays the employees’ evaluation/assessment on several issues including their involvement/influence on the company’s CSR programs, whether they are treated fairly and equitably, the attractiveness of the compensation and benefits that the employees get from the company, openness of management to employees, availability of career opportunities/prospects, workplace safety and health, prevalence of any form of discrimination, whether they are encouraged to volunteer in other organizations or in the community, and finally, it presents worries that the employees have related to the employment relationship in the company, and improvements they anticipate. This helps to triangulate the findings outlined in the previous section based on the interview responses of the company managers regarding CSR to employees. For the interest of the analysis, the employees who participated in the interview are identified as E4, E5, and E6. All the analysis results shown below with respect to the topic under discussion is based on the interview results with these employees.
Appendices

Employees’ understanding of CSR

In assessing the employees’ understanding of CSR, interview responses of the employees revealed that CSR is understood as a responsibility that a modern business has towards its environment and the society, which involves taking the responsibility and have commitments to the society and protecting the environment. A typical response was:

"My understanding of corporate social responsibility is that it deals with a company’s social and environmental responsibility; that is it focuses on the social and environmental values that a company has and the way that it implements those values to the good of the society and the company" (E6).

As such, based on the above results it can be implied that the employees who have been part of the study have a good understanding of CSR as a business responsibility towards the society and the environment. This is in line with how CSR is described in most CSR literature (Davis, 1973; Fenwick & Bierema, 2008; Proença & Branco, 2014).

The company’s CSR practices to employees – employees’ perspectives

In the attempt of understanding the employees’ evaluation of the employees’ centered CSR activities of the company, the interview with the employees started with assessing what specific CSR activities the company performs to the company’s employees. Accordingly, the employees identified a list of employee-focused CSR activities in the company, including full medical cost coverage, round-the-clock insurance for accident and life, free meals for unskilled laborers (one meal per day), subsidized meals for other employees, annual bonuses, partial medical cost coverage for the family members of employees, medical checkups every sixth months, safety tools and equipment to protect employees from injuries and accidents (employees are given protective clothes and tools including gloves, goggles and ear plugs), incentives, and holiday gifts. Thus, this result from the employees response about the CSR practices of the company towards its employees supports what the managers disclosed regarding the types of CSR practices the company is engaged in; and it is true that the company implements various employee-focused CSR practices.
Involvement/influence on the company’s CSR programs

With respect to the employees’ involvement and influence on the CSR programs of this particular company, despite the company’s claim that employees participate in CSR programs of the company depending upon the situation, the result of the study based on the interviews with the employees shows that the employees’ participation in the CSR program of the company is weak. Illustrating the reality on the ground, let us see the statements from the respondents.

One respondent reported,

“I do not participate in CSR programs, the management does instead. It is the management which decides what type of CSR to do. The employees from the marketing department are highly involved in CSR activities, which are mainly related to social aspects of CSR. But, other employees participate in limited environmental protection activities such as planting trees” (E4).

A second employee explains the situation as,

"The employees’ participation in CSR is limited. Not all employees are involved in CSR. There were even instances that we heard of CSR commitments made by our company on the media like any other outsider. Mostly, employees from the marketing department do participate in CSR-related activities” (E5).

And a third one expressed:

“Our involvement in CSR programs is very weak. Let alone getting us take part in main CSR programs that the company does, the company does not take the task of creating awareness about CSR among the employees seriously. Only those people who do the CSR work such as the people in the higher levels of the marketing department handle CSR issues. My view is that the company has not done enough even to create awareness about the CSR responsibilities of the employees and how the employees can be part of the company’s CSR programs" (E6).
Thus in the sense of participation and influencing the CSR programs of the company, despite the company’s claims that its employees are somehow involved, results show that the employees participation in CSR programs is very limited. The study result shows that employees from the marketing department are closely involved in CSR programs of the company, while the participation of other employees in the CSR program of the company still remains weak.

Thus, the results above imply that employees’ participation in company’s CSR program is very limited. This may be interpreted to have a negative impact on the motivation and dedication of employees to CSR programs of their respective company, for the effective delivery of company’s CSR initiatives requires the participation of employees (Collier & Esteban, 2007; Graafland, et al., 2004). Moreover, engaging employees in CSR enables employees to “find greater meaningfulness and values congruence at work” (Glavas, 2016,p.2).

**Employees’ evaluation of management’s fairness and equity**

In assessing the extent to which the employees are treated fairly and equitably, the interview result with the employees indicates that the employees do not believe that they are treated fairly and equitably. The interview responses of the employees affirm that the company’s management lacks fairness and equity. One of the interviewed employees shared:

“I do not think employees are treated fairly and equitably in the brewery. One reason is that the management is not open to the employees, it is autocratic. Such governance has no room for fairness and equitable treatment of employees in the first place. Next, there are favoritism and nepotism problems in the brewery, which blocks fairness but nurtures bias and partiality. Lack of fairness and equitability, or lack of being evenhanded to all employees, is a major problem in this company” (E5).

A second respondent shared:

“There is a problem with fairness and equity. I would rather say fairness and equity are compromised in our company. There are problems of favoritism and nepotism that have negative consequences on fairness and equity” (E6).
A third one added:

“I do not think as an employee I am treated fairly and equitably, areas that make me feel treated unfairly and inequitably include the existing wide gap between the employees’ salaries and benefits and that of the management team; the managers have a much better privilege than the employees” (E4).

Thus, the results above indicate that there is a problem of fairness and equity in the company. That is, according to interview results, the employees have worries over the lack of fairness and equity in their organization. The responses indicated that there are problems, which are associated with favoritism and nepotism, as well as a wide gap between the managers’ and employees’ salary and benefits packages. From the viewpoint of fairness and equity, proponents of responsible business practices discourage lack of fairness and equity, and it is rather insisted that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Employees’ evaluation of the attractiveness of the compensation and benefits that they get from the company**

In examining the compensation and benefits that the employees are entitled to receive from their company, interview responses reveal that the employees are not so happy with the salary they get paid. They retorted that their salaries are the lowest in the sector, as other breweries pay better salaries to their employees. Their response reveals that the salary scale of their respective company is not competitive enough. A typical report was:

“The salary that we get here is the lowest in the sector. The other breweries pay better salaries to their employees. Thus, in terms of compensation, I am not satisfied. The salary is not satisfactory, and further compared to what people with similar qualification as mine get paid in other similar breweries, I feel discouraged. I feel I am less paid.” (E4)

Another respondent shared a related view that:

“In view of the cost of living and the pay structure in other similar companies, the salary that we get is not attractive. Even compared to the
Appendices

salary scales of other breweries in the country, our salary is not satisfactory” (E6).

Still another view was that:

“Even though our company is a highly profitable one, with significant market share, the salaries we get are the least in the brewery sector, and it is small. The salary scale is low, it’s small. And the management says that it will improve the salary scale, but that did not materialize for a long time” (E5).

In connection, in investigating the attractiveness of the benefits that the employees get from their company, results show that there are various benefits that they get, including full medical cost coverage, round-the-clock insurance for accident and life, free meals for unskilled laborers (one meal per day), subsidized meals for other employees, annual bonus, partial medical coverage to family members, medical checkups every sixth months, interest free loans, incentives, holiday gifts, transport service, and there are also certain business activities that the employees do with the company. The employees shared that the benefit packages are good, but still need to be reinforced. The following views shared by the respondents testify to this:

“There are different types of benefits that we are provided. The benefit package is good” (E4).

“There are benefits that we get from the company in addition to our salary. There is bonus, holiday gifts, interest free loans up to one’s two months’ salary per year, free transport service, free meals for production workers, and there are certain business activities that the employees do with the company. I think the benefits are good” (E6).

Further assessment of the benefits structure of the company shows that the company provides its employees full medical coverage with twenty four hour insurance provision. It is also found that employees undergo preventive medical checkups every sixth months. In addition, the company provides limited family medical care coverage to its employees; it is reported by the respondents that there is a limited amount of budge per annum, which is allotted to each employee to pay for the medical bills of the employees dependents irrespective of the size of
the employee’s family. The employees retorted that the budget is a very small amount, and it does not account for the size of an employee’s family. Moreover, it is indicated that there is no preventive checkup for family members. One respondent shared that:

“All permanent employees have full medical coverage, round-the-clock health and accident insurance; and all the permanent employees undergo preventive medical checkup every six months. All of us undergo a preventive medical checkup, a complete and full medical checkup, in one of the well regarded hospitals in the city every sixth months. However, there is no preventive medical checkup for family members. To the contrary, the children of the management team enjoy unlimited medical expense coverage” (E4).

Furthermore, it was found that no child care services are offered to the children of the workers, and there is no child care service that enables nursing working mothers to bring their children; i.e.; there is no separate room for nursing mothers (working mothers) to breastfeed their children.

Therefore, based on the above result regarding the compensation (salaries) of employees, it can be concluded that the employees are not satisfied with the amount of salary they receive from the company. It was noted that their salary is not attractive compared to the cost of living and the salary scales of other similar companies. From a CSR perspective, a business is expected to provide attractive pay to all of its employees and it also need to provide appropriate compensation and benefits (Business Roundtable, 2012; Crane, Matten, & Spence, 2008; Porter & Kramer, 2006; Ruggie, 2008). In fact, the benefit packages are found to be attractive in this particular company.

**Employees’ evaluation of the openness of management**

In examining the views of the employees on the openness of management to employees, the respondents unanimously confirmed that the management has never been open to the employees. It is also disclosed that there is no smooth relationship between the management and employees, and the management is not open for discussion and taking the views of the employees. One respondent shared:
“There is no smooth relationship between management and employees. There is no open discussion between management and employees, and the management does not open its doors for us to participate in decisions or to offer suggestions on major issues. Let alone getting us to participate in decision-making, when the management takes administrative measures, it does so without discussing the matter with the employees” (E4).

Another respondent added that:

“The management has never been open to us; it is not open to employees. There is a distance between employees and management. The management almost oppresses us; it is autocratic and it makes all the decisions without attending our ideas” (E5).

As a matter of fact the managers had also acknowledged that the issue of openness to their employees is something that needs improvement, and they say they are working on it.

In a related issue, the employees were asked to explain their evaluation of how respectful the management is to their suggestions and grievances. The responses were so critical due to what they retorted that the managements does not facilitate conditions to get the employees’ suggestions in the first place, and due to the lack of a reliable grievance handling mechanism. In view of this one respondent shared:

“The management does not give us the opportunity to share our views with it, and there is no reliable system to handle our grievances. There is no sound grievance handling system in the company. If an employee is accused of a wrongdoing by a supervisor, that’s the end. The management takes administrative measures based on the reports of the supervisor without discussing the situation with the employee; and worse there is no mechanism for such an employee to appeal” (E5).

A second respondent expressed that:

“The management does not facilitate conditions to get employees’ suggestions in the first place. When it comes to grievances, it is the employees’ association that presents employee grievances to the
management. The irony is though that the management does not respond to the employees’ grievances in a way that the employees seek a resolution. Instead the management responds in what’s in the best interest of the management, not in the best interest of the employee, who wanted a resolution to his/her grievance” (E4).

A third respondent reiterated the following about the lack of a reliable grievance handling procedure:

“With this respect what I tell you is that formerly there was a complaint form that an employee who has grievances or complaints may fill in in order for the employee’s grievance to be seen. That “complaint form” approach does not exist anymore, and an employee who has complaints/grievance must approach the supervisor or the concerned person face to face to explain the situation. Due to status and rank-related issues such a face to face approach does not come handy to most employees. We need to have that “complaint form” approach be in place once again. The face to face grievance method is inappropriate for two reasons; one reason is that it is frightening and secondly, anonymity cannot be served, if needed” (E6).

Thus, the results above show that that there are major problems in the company with regards to entertaining employees’ suggestions and grievances. The employees are disappointed with the fact that their views are not well taken, nor there exists a reliable grievance handling system in the company. Openness of management to its employees in terms of taking their suggestions and entertaining grievances is a necessary aspect of responsible business practice. According to Article 129(3) of the Labor Proclamation of Ethiopia, businesses are required to incorporate grievance handling mechanisms in the collective agreements (FDRE, 2003). Moreover, Ruggie’s “Protect, Respect, and Remedy” framework also indicated the importance of company-based grievance mechanisms to take care of employees’ grievances and suggestions (Ruggie, 2008).

Employees’ evaluation of career opportunities/ prospects in the company

In assessing the conditions of career opportunities/ prospects in their company, the interview results with the employees assert that there are promising promotion opportunities that the
company strives to provide to them through internal recruitment. A typical comment was that:

"I perceive the career opportunities being promising in our company as long as an employee keeps upgrading his/her qualification and is doing his/her work with good performance. I mean there are promotion opportunities that you can grab on" (E6).

In a related manner, regarding the issue of nurturing the employees’ talents, the interview result reveals that there are training opportunities and even that the company pays for the employees tuition fees if they enroll in university studies. It is also indicated that especially when new technologies and systems are introduced employees are given training before operating the system or the technology. Nonetheless, it is indicated that the training lacks continuity, and there are some problems in distributing training opportunities among the employees. The following remarks help provide a clearer picture:

One shared that:

“Yes, there is training. Training opportunities are good in our company; there are domestic and international training opportunities as well. I have had the opportunity to take up training abroad. However, the problem with the training opportunities is that they are not continuous. The company gets serious about training its employees in a particular time, and then you see such programs wither away in another occasions" (E5).

A second one added that:

“The company’s commitment to educate and train its staff is praiseworthy. It pays for our education and training. The company pays full tuition for the education of the employees who enroll in universities studying for their Degrees in various levels. If I share you my experience, while I was studying for my BA Degree, the company paid all the tuition for my study. I studied while working. Employees who enroll for further study keep getting their salary and get their tuition fees paid by the company. There are also various training sessions offered to employees. There are regular training sessions that are given to
employees; especially when new technologies and systems are introduced employees are given training before operating the system or the technology” (E6).

A third one shared the following in a critical tone that:

"This is a controversial aspect in our company. There are definitely training opportunities; however the critical problem is that the managers take away the training for themselves that are meant to be for employees. Mostly, the managers let employees participate in training opportunities that are conducted locally, whereas they snatch international training opportunities for themselves that are meant to be for employees. That’s both worrisome and embarrassing" (E4).

Hence, the results above indicate the for the most part the company is committed to provide attractive career opportunities to the employees through training, education, and promotion. Developing employees through such opportunities is an aspect of a responsible business practice (Spiller, 2000; Tsang , et al., 2009).

**Employees’ evaluation of the conduciveness of the working conditions/safety and health**

Regarding the working condition/safety and health issues, the interview results with the employees unveil that their company is safe and healthy to work in. The respondents affirmed that they have a working environment that is reliable for its safety and health consideration. The responses indicate that their working place is commendable in terms of safety and health consideration. A little reservation that is indicated, however, is that the clinic that is found inside the factory requires being equipped with better resources. A typical comment follows:

“Honestly, the working environment is very safe and healthy. There is a sound absorber system in the bottling lines to avoid noise, and we also have ear plugs to protect us from any noise, the ear plugs are of various types, based on which section of the factory you work. For example, those who work in the utility section, that’s deep in the production process, where there is higher noise, the ear plugs given to the employees are so sophisticated to protect those employees from high levels of noise” (E4).
However, despite the safety measures and standards that the company applies including the safety tools and training given to the employees and the safety notices posted in and around the factory premises in two languages, Amharic and English, it was found that accidents still happen in the factory. That is even though the respondents have indicated that there are rarely accidents happening; those that did happen recently were fatal. One respondent revealed that:

“In recent past a major accident happened to one employee. He was fixing a steam pipeline and he was informed that the pipeline was locked and safe to repair it. Unfortunately, for a reason not defined the steam pipeline was not locked, and the steam was still flowing while he was trying to repair the pipe. At some point the steam leaked and he was engulfed with extremely hot steam. A very serious measure was taken following the accident by the company to make sure that such accidents will never happen again” (E4).

Another respondent shared a similar frustrating experience:

“Yes, accidents do happen. Major accidents happened recently. One employee lost one of his eyes, and two others have lost arm fingers. The one who lost his eye was hit by an excessive air pressure while he was fixing/connecting pressure lines inside the plant; the pressure that hit his eye was so strong so he lost one of his eyes. The other two lost a finger each; while one got his figure cut while working cutting metals on a machine blade, the other got his finger stuck in a valve and the finger withered away, and he was taken to the hospital and the affected finger had been removed. There are also employees who got burnt on their neck and legs by a caustic soda” (E5).

Regarding those recent accidents, the managers indicated in their interview response that employees’ carelessness is to blame for those accidents which happened to their employees.

So, based on the results above, even though for the most part the employees have a high regard for the company’s commitment to provide them with a safe and healthy work environment, the company still needs to address the issue of employees’ carelessness on complying with safety procedures at the workplace. Given those fatal
accidents that happen in the factories of the company, the company needs to take measures to educate its employees to be serious in complying with safety procedures so that the issue of carelessness could be resolved. Providing safe and healthy work condition to employees in an important consideration in CSR (Graafland, et al., 2004; McWilliams & Siegel, 2001; Porter & Kramer, 2006).

Employees’ views on the prevalence of any form of discrimination in the company

The interviews that were conducted with the employees had also assessed with the employees whether there exists any form of discrimination in the company. Apparently, the interview result shows that there exists discrimination in the company due to nepotism and favoritism. Results show that there are personal biases as a result of nepotism and favoritism-related practices. In line with the problem of favoritism, one respondent shared the following in frustration:

“There is a lot of discrimination based on personal biases. There are personal biases, which result in discrimination and favoritism in the company. Personal proximity and closeness is part of the office politics here. Besides, there exists a serious problem of nepotism; a network of kinship and relatives work in the company. Those kinships exercise favoritism to each other. It is not unusual to see three sisters, or a husband and a wife, or cousins working together in the company, this by itself indicates that favoritism hovers around and we see such kinships and their circles favoring one another. Nepotism is rampant. Such favoritisms are reflected in salaries and benefits. There is no effort taken by the management in the first place because there is no a well-developed grievance handling procedure. Even if I want to complain about such discriminatory practices, there is no platform or mechanism to do so. The interwoven nepotism and favoritism-based practices have occurred in the chain from the lowest to the highest position so, it is complicated” (E5).

Another respondent highlighted another form of discrimination that prevails in the company as follows:
“In addition to discrimination that happens at the personal level due to favoritism and nepotism, there are some issues of discriminatory practices among the various departments of the company. For instance, in our case the employees in the production department get better incentive pays than other employees working in other departments. The employees who work in the maintenance and production department get preferential treatment over those of us working in other departments” (E6).

Therefore, the results above assert that there exists discrimination in the company both at an employee level due to nepotism and favoritism as well as at the departmental level as some departments are given preferential treatments over others. However, from the perspective of responsible business practices, it is widely defended that a business has a responsibility to ensure that there is no workplace discrimination (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Employees’ views on the role of the company in supporting the employees’ association**

Regarding the role of the company in supporting the employees’ association, the employees who have participated in the interview disclosed that for the most part there has been a positive relationship between the employees’ association and the management. Nonetheless, currently there is an emerging conflict between the employees’ association and the management due to the delay of the management to renew the collective agreement. The respondents indicated that even though the collective agreement is supposed to be renewed every two years, the management did not do so, and this has created disappointment among the employees.

So based on this result, it can be stated that while the management’s commitment to develop a positive relationship with the employees’ association is in line with respecting the employees’ rights freedom of association (Global Compact, 2000; ILO, 1998; McWilliams & Siegel, 2001; Ruggie, 2008). Its failure to renew the collective agreement based on the agreed upon terms and conditions (renewing it every two years) is inviting unnecessary conflict with the employees’ association.
Employees’ views on voluntarism

With regards to the company’s commitment to encourage employees to volunteer in other organizations or communities, the employees unanimously affirmed that there exists no such culture of voluntarism in their company. To the contrary, the respondents indicated that instead other institutions come to their brewery to volunteer. Respondents shared the following with respect to voluntarism:

“There is no voluntarism; such practice does not exist at all. I have never noticed any initiative taken by the employees or encouragements made by the management to mobilize employees to volunteer in other organizations” (E6).

“No, we are not encouraged to do so; instead what is happening is other people come to our company to volunteer here” (E4).

Obviously, the above result shows that employees are not encouraged to volunteer in other organization or in community services. From a CSR point of view, voluntarism is an aspect of a business’s CSR commitment to its employees, whereby businesses are expected to encourage their employees to volunteer in other organizations or spend their time to support the local community (Kotler & Lee, 2005; Spiller, 2000; Tsang , et al., 2009).

Worries that the employees have related to the employment relationship in the company and anticipated improvements

Finally, the employees were given the opportunity to highlight what worries they have and which aspects in the employment relationship in their company they still find in need of improvement. As a result, findings show that the employees worry most about the following: the wide salary and benefits gap between what managers and employees receive, autocratic management that does not entertain employees’ interests, heavy workloads, and discrimination due to nepotism and favoritism. The respondents also outlined that they demand better pay to daily laborers, as well as a raise in salary for other employees in the face of a high cost of living and better industry salary scales. One respondent underscored that:

“There are different aspects that require improvement. The first aspect is the issue of salary, the salary gap between employees and the
management is unbearably wide, and that needs to be addressed in some way. The second aspect is about benefits; like the salary, the benefits that the management gets is excessive, while we the employees get a limited amount of benefits. Thirdly, and equally important is that the management should learn to attend the employees’ perspectives, suggestions and views. Employees can bring about good ideas, and sometimes can also have better ideas than the management, which deserve consideration. Fourthly, we employees have heavy workloads that need the management’s consideration. So, I suggest that these areas require improvement” (E4).

Another respondent also offered a similar view:

“Salaries and benefits packages need to be improved. The relation between management and employees need to be open and smooth. The management should have room to listen to its employees ideas, and the management has to change its autocratic nature. Besides, it’s a profitable company and it has to provide us better benefits and salary” (E6).

So, based on the results shown above, the wide salary and benefits gap between managers and employees, autocratic management approach that does not entertain employees’ interests, heavy workloads, and discrimination due to nepotism and favoritism are the prominent factors that the employees are concerned with.

Overall, in terms of CSR to employees, the findings of the study indicate that the company is engaged in various employee-focused CSR practices. The major CSR engagements of the company towards its employees include (1) developing the skills, abilities and knowledge of employees through formal training and education, (2) medical care coverage to all its employees and limited amount of medical care coverage to the dependents of the employees, (3) round-the-clock accident and life insurance coverage, (4) annual bonuses that the company considers it to be the most generous in the industry, (5) occupational health and safety standards to protect employees from industrial accidents that involve supplying employees all the necessary safety tools and materials along with safety training, (6) interest free loans, (7) incentive plans and commissions, (8) free transportation service to the employees,
(8) training and education opportunities that involve paying the full tuition for the employees, (9) promising career development opportunities, (10) support the employees’ association, and (11) holiday gifts. These are found to be positive achievements with regards to what CSR commitments the company has to its employees.

On the other hand, there are some drawbacks, which the study revealed in line with the company’s CSR engagements to its employees that require the consideration of the management. These issues include: (1) There prevails a wide salary and benefits gap between the managers and the employees, in addition the employees, who participated in the interview, indicated that their salary is unattractive (2) There are problems of discrimination due to nepotism and favoritism. (3) There is a reviving conflict between the management and the employees’ association due to the management’s failure to renew the collective agreement. (4) Employees participation in CSR is limited. (5) The company provides insufficient family medical care. (6) There are no facilities in the company for child care services and there are no breast feeding rooms for lactating mothers. Lactating mothers are not allowed to bring their nursing children to the company. (7) Despite commendable safety and health standards, fatal accident still keep happening. (8) Employees are not encouraged to volunteer in other organizations to share their skills and experience. (9) The management is not open enough to its employees, and there is problem of incorporating employees’ views in decision-making. (10) There is discrimination among the various departments within the company; some departments such as the production department get preferential treatment. This is in addition to the individual level employee discrimination that takes place in the company due to favoritism and nepotism.

1.1.2.4. CSR to local communities

With regard to a business’s CSR to communities, it is asserted that businesses have to be able to interact considerately and stay in good terms with the communities that they work with. It is also necessary to do so for a business because being in good terms with the community has economic benefits in the areas where the business runs its operations and such responsible corporate behavior is considered as a social license to the business to operate in that particular area and community (Ribstein, 2005). Furthermore, CSR commitments that a business would consider towards the local community may range from engaging in community dialogues (Campbell, 2006) to making donations and direct involvement in
community projects and affairs (Spiller, 2000) as well as establishing a sound relationships with communities to perform meaningful activities for the betterment of the communities by promoting awareness of health, safety and international issues that relate to the specific types of business in which the business is engaged (Besser, 2002; Business Roundtable, 2012).

In examining the CSR practices of the company to the local communities, three major questions were asked in the interview with the company managers. The first one was what are the CSR practices that the company is undertaking to improve the quality of life for its respective communities, i.e., to improve the welfare of communities. The second question was what the company does to promote awareness of health, safety and international issues related to its respective industry. The third one was what forms of dialogues the company practices with community groups in order to establish relationship with communities. In order to further assess the CSR engagements of the company to the communities and to validate the responses of the company managers with respect to the claimed CSR commitments to local communities, in addition to interviews with the company managers, the research has also incorporated the views of NGOs, universities (academics), and relevant government offices from the local areas to learn about their perspectives of the CSR commitments of the breweries that they are aware of. So, this part of the analysis presents the investigation of the CSR commitment of the company to the local communities by looking into the views of the company’s managers. The interview analysis of the NGOs, academics, and government authorities on the CSR practices and concerns of the brewery sector is reported in Appendix 9.

The remaining part of this section presents the company’s perspectives on CSR to local communities from the viewpoints of the company’s commitments to contribute to improving the quality of life for communities, activities that the company undertakes in promoting awareness of health, safety and international issues related to its respective industry, and on whether the company holds dialogues with community groups in order to establish meaningful relationship with communities.

**The company’s commitments to contribute to improve the quality of life for communities**

Regarding the CSR commitments towards the community, the company managers disclosed that their company is engaged in a number of CSR initiatives that are designed to benefit
local communities. The interview responses with the company managers indicates that the prominent CSR commitments of the company to communities include (1) poverty reduction and employment creation: in this regard in addition to creating job opportunities for over one thousand permanent employees, the company stresses that it is contributing to job creation to the jobless youth across the country by organizing jobless youths into youth associations to work as company agents to distribute the company’s products. With this respect it is indicated that there are 91 youth associations throughout the country that the company organized to work as company’s agents, and there are about 50 people in a single association that does the agency business. (2) The other commitment is supporting infrastructure development. In line with this commitment it is indicated that the company extends financial support to local schools and health care providers in order to build up their capacity. The company claims that it broadly supports technical and vocational schools, and health centers. In connection it is disclosed that the company is contributing a very large amount of money to help support the construction of international stadiums in various parts of the country. In connection, it is maintained that the company sponsors its own big football club, and also another football club in its local area. (3) The company engages in Industry-University linkage that mostly provides attachment programs to University students in order to have practical exposure by working in the company for some time. (4) It also implements various programs and projects in the local area such as erosion control programs particularly in the water catchment areas that serve as source of water to the brewery. (5) The brewery implements projects that supply clean water for local communities around the places where the brewery has its underground water well. (6) It engages with small holder malt barely farmers by providing them various technical, and agronomical support to improve their productivity and offer them market for their barley. (7) Finally, it is indicated that the company built shelters for the poorest of the poor in the local area; it takes care of orphans, and it provides continuous support and assistance to HIV positive people through a HIV prevention and care association unit that is found inside the factory.

Thus, the above results indicate that the company undertakes a number of CSR practices to the local communities ranging from creating employment opportunities for the locals to building shelters to the poorest of the poor in the local area.
Activities the company is undertaking in promoting awareness of health, safety and international issues related to its respective industry

With respect to the CSR activities that the company performs in line with promoting awareness of health, safety and international issues related to its respective industry, the interview responses with the company managers uncovered that the company has long been committed to produce the healthiest beer in the country. It is stated that it is the first in the country to produce sugar free beer that is suitable for the health. It is claimed that the company’s product is not only free from sugar, but also is free from unnecessary acid and free from bad odor causing elements. Further, the company affirms that it uses the best brewing technology that uses pure water, pure beer, and the finest hop to deliver a healthy beer to consumers. It is also indicated that the company applies computerized cleaning to ensure that the products that it offers to customers is completely hygienic. Moreover, it is disclosed that the company promotes responsible drinking through its responsibility message that advocates that consumption of beer is only for persons who are aged 18 and above, and it also avers that it has HIV prevention, care and support program that is run by the HIV prevention, care, and support unit of the company, and this program works on HIV prevention, care and support activities to the company employees and local communities.

On dialogues that the company undertakes with community groups in order to establish relationship with communities

Concerning the dialogues that the company holds with community groups, the interview result with the managers revealed that the company participates in dialogues and discussions with community leaders and community representatives to discuss problems that they face and provide the necessary support. It is also found out that the company engages in multi stakeholder discussion with its various stakeholders on various issues. One manager shared the following regarding the dialogues that the company employs with community groups:

“We have dialogues and discussions with community leaders and community representatives over various issues depending on the conditions. We discuss about support that the communities request or problems that they face and where we have to be part of the solution”

(M4)
Hence, according to the above results, the brewery is engaged in a number of CSR practices that are meant for the local communities, which range from creating employment opportunity for the local youth by organizing them under associations to that of supporting infrastructure development, industry-university linkages, erosion control and clean water supply programs, building up the capacity of small holder farmers to improve productivity and establishing market access, building houses for the poorest of the poor, taking care of orphans, and implementing HIV prevention, care and support programs. In particular, the company’s commitment towards the betterment of the community by promoting responsible consumption through responsibility messages relates to a socially responsible practice of promoting awareness of health issues that relate to the specific types of business in which the business is engaged in (Besser, 2002; Business Roundtable, 2012). Moreover, it was found out that the company takes part in community-based dialogues that involve discussion with community groups to listen to the problems that they face and to be part of the solution to the community’s problems. Engaging in community dialogues is one aspect of a company’s CSR commitment to communities (Campbell, 2006), which is useful for the company to sustain its license to operate (Goodman, et al., 2011).

1.1.2.5. CSR to customers

Customers are also one of a business’s stakeholders, who deserve the attention of a business in its socially responsible business practices. Accordingly, businesses are expected to ensure the quality of their products, educate and engage customers, create awareness about reducing the environmental cost of product use, try to instill positive behavior in consumption through consumer information availability and truthful advertising (Bokhodir & Iroda, 2010; Porter & Kramer, 2006; Spiller, 2000).

Following up on the ideas above, in examining the company’s CSR practices to customers, the interview questions posed to the managers of the company included what specific customer-oriented CSR activities does the company undertake, what efforts does the company take to increase consumer information availability, how committed the company is to render truthful advertising and address issues of advertising to children, and commitments taken to educate customers to reduce the environmental cost of using the company’s products. The result of the interview on these issues follows.
Customer-oriented CSR practices that the company undertakes

With regard to the question of what types of customer-oriented CSR practices the company performs, the interview results with the company managers revealed that the company considers the following as its CSR commitments to its customers: (1) producing healthy beer that is sugar free and is made of the most soluble alcohols that are healthy for consumption. The company indicates that it is the first brewery in the country to promote and educate the importance of sugar free beers and that is able to produce sugar free beer with healthy alcohol. It was reiterated that the company is proud of its beers because the beers it produces are even fit for people who have health problems such as diabetics and high blood pressure because of its sugar free quality. Moreover, it is maintained that the company does not use high level alcohols unlike the other breweries in the country because it cares for the health of its customers. Further, the company claims that as part of its corporate responsibility to its customers, it applies the best purity law by using pure barley, water, hop, and yeast to produce its beers. (2) Another form of CSR to customers is that the company runs a feedback system that brings information and suggestions from customers about the brewery’s product and improvements that they suggest. The interview results show that in its sales promotion campaigns, the brewery focuses not on selling more of its products; rather it focuses on getting more feedback from the customers in order to deliver what customers require. (3) The company asserts that it produces its beers with a production process that is free from human contact. The managers maintained that such an approach is hygienic, and is done due to the utmost care that the brewery has to its customer’s health. (4) The company avers that it applies EBI (Empty Bottle Inspection) technology that inspects the purity level of all the bottles, any empty bottle that is found to be unclean is removed by the machine instantly. Moreover, it is indicated that the company applies FBI (Full Bottle Inspection) that thoroughly inspector the quality of the filled bottles. Any defectively filled in bottle is rejected by the machine. The company maintains that this has a very reliable health-related value for its customers. Further, it is disclosed that the company also applies CIP (Cleaning in Place) technology that is a computerized system to clean the massive equipment that it uses in brewing. One manager makes a remark that they have the information that in the other breweries it is humans with working clothes and boots who get inside the equipment to do the cleaning. The manager shared that this has an adverse implication on hygiene-related issues, and affirms that this company does not do the cleaning in such unhygienic manner. (5) The
managers have also maintained that the company promotes the responsible use of its product. It claims that its products are meant only for persons who are above the age of 18, and it believes that beer consumption must be responsibly handled. To this end, the company affirms that it advertises strongly that its product should not be sold for minors.

**Efforts/program to increase consumer information availability**

Related to the efforts that the company considers to increase consumer information availability, the managers acknowledged that the company has not done enough to provide sufficient information to consumers. For the time being, its main information outlet for consumers is its advertisements on the mass media, in which the company explains what its beer is made of and its benefits. One respondent shared that:

> “The main information outlet for consumers is the advertisements that we place on the mass media. I realize that we have not done so much more with regard to increasing consumer information availability. What we are doing in terms of providing information to consumers in labels and other means of informing consumers is not satisfactory. I hope we will improve this in the future. We also acknowledge that the awareness about the right to consumer information availability is very low in the country” (M4).

**On the company’s commitment to truthful advertising and advertising to children**

Concerning the commitment of the company to truthful advertising and advertising to children, it is claimed by the company that its advertising is truthful, fair and is not aggressive like the other breweries in the sector. It is indicated in the interview response that the company does not exaggerate its messages and it also communicates responsibility messages in its advertisements. One of the respondents said that:

> “What I can tell you is that our advertising is truthful, we just tell the truth. We are fair in our advertising; we are not aggressive as the other breweries. Most people comment that we are not aggressive advertisers unlike the other breweries in the country. It is true that we do not advertise massively but whenever we do our advertising, we communicate the useful, truthful information. We do not exaggerate. At
the same time we communicate responsibility messages in our advertising. In connection to issues of advertisings to children, what we do is we make sure that the messages contained in our adverts do not entice minors” (M4).

On educating customers to reduce the environmental cost of using the company’s product

With reference to educating customers to reduce the environmental cost of using the company’s products, the interview responses of the managers uphold that the company’s products or the product’s containers do not pollute the environment. The company indicated that it uses glass bottles with cork crown to distribute its beers, and the bottles are returnable as each bottle is worth money. It is also stated that the cork crowns are also worth money, and there are collectors that collect and sell the corks to the corks factory for recycling; it is indicated that even the beer houses and bars in the country do not throw away cork crowns as they formerly did; now they sell the corks for recyclers. Moreover, the company maintains that it has a system that follows up the use and reuse of bottles, and it puts utmost effort to make sure that bottles are used properly, and even bottles that are cracked or broken are collected in the company’s premises to be redirected to recyclers, the glass factory.

So, with respect to what the company is doing in terms of CSR to customers, its major focus is ensuring that consumers get healthy beer that is free from sugar and has soluble alcohol opposed to high alcohols that are bad to the health of consumers. It is also reported that the company employs computerized cleaning to avoid human contact due to its high concern on hygienic practices during production. This indicates that the company is concerned about the safety and quality of its products. In view of CSR literature, ensuring product safety and quality is one of the most important responsible business practices to customers (Bokhodir & Iroda, 2010; Graafland, et al., 2004).

Further it is maintained by the company managers that the company promotes responsible drinking through its advertising, which they think is truthful and not aggressive, and they also assert that the company applies a feedback system with its consumers to serve them better, but they admitted that the company did not do enough with respect to enhancing consumer information availability. As it was indicated in the analysis of the previous company, the interview results from government authorities, academics, and NGOs criticizes the brewery
sector for its poor consumer information availability such as poor labels and insufficient information about the product as well as aggressive and tempting advertising that is indiscriminate of the age of the audience; that entices the youth into more alcohol consumption. The critics also underscored that the brewery sector is not doing enough in line with promoting responsible drinking. Literature on CSR to customers state that businesses have a responsibility to commit themselves to instill positive behavior in consumption through consumer information availability and truthful advertising (Porter & Kramer, 2006; Spiller, 2000). Doing this also relates to serving the “customers right to know and to choose” (Hong & Xiaoli, (2010, p.562).

1.1.2.6. CSR to farmers (suppliers)

Suppliers are one of the stakeholders of businesses that deserve a fair share of CSR commitment (Argandoña & von Weltzien Hoivik, 2009). In the brewery sector, the most important ingredient for the production of beer is malt barley; and in the local context, the breweries get part of the barley they need from the small-scale, local malt barely farmers. Thus, this specific section is dedicated to see the results of the study in relation to the types of CSR responsibilities that the case company is doing towards the farmers in the local setting.

Accordingly, it is indicated in CSR literature that businesses are supposed to work with local suppliers (farmers), source inputs from the disadvantaged, small-scale farmers, pay them fair prices, and establish lasting relationships (Spiller, 2000; Sprinkle & Maines, 2010). A business may also extend support to the suppliers/farmers in terms of enhancing their productivity and welfare, and assisting them in optimizing transportation and packaging tasks (Heslin & Ochoa, 2008). In view of this, this section would look at the interview analysis of the company’s CSR commitments to local farmers with respect to the farmers-oriented CSR practices that the brewery performs to enhance farmers’ productivity and welfare, and efforts that the company employs to assist the farmers on the off-farming activities such as transportation and packaging. The analysis in this section is made mainly based on the interview response of the company managers. The interviews result with the farmers that work with the respective companies is presented in Appendix 9.

Farmer-oriented CSR practices that the company performs to enhance farmers’ productivity and welfare
With reference to farmers centered CSR engagements of the company, interview results with the company managers indicates that the company works with small holder farmers, who grow temperate zone malt barley in the area. The company maintains that in collaboration with NGOs, it supports the small holder farmers to have access to improved quality seeds (the company subsidizes the price of the improved malt barely seeds that the farmers buy from suppliers of improved quality seeds). It also renders agronomical support and monitors the farming activities of the farmers, and assigns extension workers to support the farmers’ productivity. Moreover, it is indicated that the company also offer early prices for barley farmers even before they harvest the barley, this in turn is supposed to boost the small holder farmers’ confidence on the availability of market, and it encourages barley production and productivity. Further, results indicate that the company organizes workshops and training with multi-stakeholders towards improving the productivity of the small holder farmers. One respondent said:

“As our marketing people go door to door to the bars and hotels to sell the beers, extension workers go to the farmers villages to persuade them to grow malt barley and the benefits that they would get if they grow malt barley. They also provide to the small holder farmers technical, and agronomical support. The extension workers do train the farmers how they can improve productivity” (M4).

Nonetheless, the farmers that the researcher interviewed disclosed that they are not happy with the price that the company pays them for their barley, and they consider the company mostly playing a buyer role as it does not provide them rigorous agronomical support. The farmers complained that the company does not provide them agronomical support as expected. But, they confirmed that the company, indeed, subsidizes the price of the improved quality seeds that they buy from suppliers.

**On what the company does to optimize transportation with the farmers**

In line with what the company is doing to optimize transportation with the farmers, it was found that the farmers are only expected to transport the barley to their respective cooperatives, and then the cooperatives move the barley to their respective unions, and then the company collects it from the unions. In connection, it is disclosed that the company outsources transportation for its transportation needs throughout the supply chain.
Efforts that the company employs to assist the farmers to reduce packaging costs

With respect to efforts the company employs to assist the farmers in packaging activities, the managers uphold that their company distributes durable packages for the small holder farmers so that they can safely pack their harvests. Nonetheless, the farmers that were interviewed disclosed that they had not received any support from the company in terms of packaging.

Thus, based on the above results, it can be stated that some encouraging activities are taking place such as subsidizing the price of improved quality seeds, offering early prices, and ensuring market availability. Even though addressing the concerns of the farmers is still necessary, using local suppliers/farmers is one way of discharging a business’s social responsibility (Spiller, 2000).

1.1.2.7. CSR to the environment

The environment represents one of the societal stakeholders of a business, and an environmentally responsible business is expected to engage in activities that aim at protecting and nurturing the environment, making company operations environmentally friendly, waste management, pollution control and recycling (Crane, Matten, & Spence, 2008; Kinder, 1998; Spiller, 2000; Werther & Chandler, 2010). In reviewing the company’s CSR to the environment, the investigation starts with exploring the types of CSR activities that the company performs to protect the environment. Then it assesses the efforts that the company exerts to conserve water resources (because breweries are thought to have high water consumption), and the mechanisms that the company applies to manage waste.

CSR practices that the company is undertaking in protecting the environment

Regarding the company’s CSR engagement to the environment, the interview result with the managers uphold that the company is committed to protecting the environment and reducing its environmental foot print. The study identified the following as specific activities that the company undertakes with respect to environmental protection:

(1) Germination and Development of Seedlings: The company claims that it has the largest tree seedlings developing station in the country and that it works with a local NGO. Those seedlings are distributed to various regions to help support afforestation efforts.
(2) Afforestation Programs to reverse deforestation in various local areas: The company disclosed that it is engaged in tree planting campaigns and activities to reverse deforestation in the areas where it operates.

(3) Waste Water Treatment Plant: the company has a modern waste water treatment plant that treats the company’s effluents. The company maintains that the waste water treatment plant is like a factory by itself, and the company invested millions of birr to have the waste treatment plant, which treats the entire waste water of the company. In connection, it is indicated that the treated waste water is used by the local farmers for irrigation purpose. One respondent explained:

“One of the main environmental protection activities that we do focuses on making our operation free from polluting the environment. In this regard we use a highly modernized technology that treats waste water. The waste water treatment plant that we use is the latest technology, and all the waste water is treated before release. We do this because we have a responsibility to protect the environment that we operate in. This is mainly based on the notion of being environmentally friendly and ensures that our operation makes no damage to the environment. Besides, the treated waste water that is released from the company’s plants is used as irrigation water for the local farmers. Those local farmers use the water we release to irrigate their farms that grow fruits and vegetables all year round” (M3).

(4) Erosion control activities: in line with erosion control activities, it is disclosed that the company deploys a number of boreholes (underground water wells) that supply water to the brewery. In those particular areas where the company has the boreholes, it performs extensive environmental protection activities that focus on erosion control and protecting watershed areas. The company maintains that it has invested a lot of money to nurture and develop the water catchment areas, particularly in terms of combating erosion and increasing water harvesting.

(5) Water and energy consumption: the company asserts that it is also concerned with water and energy consumption. With respect to water consumption, the company
claims that it is in the best standard for water consumption in the local context. It extends that the most reliable method that it applies for efficient water consumption is water recycling. Further, with respect to energy/power consumption, the company maintains that it strives all the time towards the global benchmark for energy efficiency. In connection with this, it was revealed that the main sources of energy/power to the company are hydroelectricity and furnaces. Furthermore, the company declared that it is launching to generate bio-fuel as an alternative energy source from the waste water that results from the production process. For the time being the company uses furnaces for the boiler machines; and it aspires to substitute the furnaces with the bio fuel by using the waste water as source of bio fuel.

(6) Water sourcing: with regards to water sourcing, the company affirms that in order not to compete with the local community for water and cause damage to the water resources in the water sheds of the nearby community, it rather pulls water from a faraway area from bore holes dug by the company itself from underground water sources. It is maintained that the company spent recently more than tens of millions of birr for expanding the lines that pump water from the underground source. Moreover, as noted above, protecting the water shed of the area where the company gets its water is one of its prime duties it is discharging.

(7) Carbon: Another aspect brought up by the managers is the issue of carbon. Accordingly, they disclosed that the company does not release carbon dioxide to the environment; rather it captures carbon dioxide, which is one of the necessary ingredients to produce beer. The explanation goes that (according to the managers) in brewing, oxygen is not expected to be present in beers; it must have only carbon dioxide. This is because if oxygen is present in the beer, bacteria will reproduce; so in order to prevent this beer contains no oxygen, thus making carbon dioxide a vital ingredient. Most often, even the carbon dioxide that the company captures from its plant is not sufficient for its production and it also buys from other companies. The managers shared that collecting carbon and to reuse it is a common practice.
With respect to the question of water use and water conservation, it is shared by the company managers that the company uses bore holes to supply its water needs. In connection, it is unveiled that the company undertakes extensive water catchment activities around the bore holes. In doing so, it is stated that the company constructed water catchment facilities around the bore holes to catch more water. It is maintained that the company is always committed to catch as much water as possible during the rainy season; and the catchment projects enabled better water retention in and around the bore holes and protected the watershed areas from erosion. In a related matter, when it comes to the specific amount of water consumption, the managers shared that their company holds the sector’s best standard for efficient use of water; it is disclosed that the company currently uses 5 liters of water to produce 1 liter of beer. Further, it was found that the company recycles water, and the recycled water is used for cleaning and irrigation purposes. In connection to water recycling, one respondent expressed:

“We recycle water. Not many other factories in the country recycle water including those in the brewery sector. We recycle water and we use the recycled water for cleaning, and for use by farmers near our company for their irrigation” (M4).

On the mechanisms that the company applies to convert waste to other use

Concerning the question of what mechanism the company applies to convert waste to any other use, the study found out that the company treats its waste water thoroughly so that the treated water is used by the local farmers to irrigate their lands. For this purpose as described above the company uses a modern waste water treatment technology. Moreover, the company has byproducts and residuals that are used by the local community for various purposes. While byproducts such as spent grain are widely needed by farmers including dairy farms to feed their cattle, other residuals such as dry byproducts are used by the local farmers as fertilizer.

As a final point, the results above indicate that this particular company has a good record of environmental protection activities that range from germination and development of tree seedlings at an industrial scale to help support reforestation efforts throughout the country to that of waste water treatment that even enabled local farmers to use the treated waste water to irrigate their farm lands, and undertaking erosion control activities especially in the water catchment areas where the company sources its water. Plus, it was found out that there is a
creditable practice in the company that involves recycling water as part of its program to conserve water. Further, the carbon collection practice, which the company undertakes to reuse carbon dioxide as an ingredient in the production process is also a noteworthy practice. More so, the company converts waste to any other use such as making use of part of byproducts and residuals as cattle feed and fertilizer. CSR literature suggests that engaging in such forms of environmental protection practices is a useful aspect of environmentally responsible business behavior (Russo & Tencati, 2009; Sen & Bhattacharya, 2001). Nonetheless, results of the research drawn from the interviews with the government authorities, NGOs and the academic world indicate that the brewery sector lacks a robust commitment to nurturing the environment and the resources it does host.

1.1.3. Why does the company perform CSR?

Research question 2 – Why are the companies doing CSR? Case #2

While the previous section outlined the CSR practices that the company engaged in, this particular section highlights why the company is engaged in those CSR practices. This is done to answer the second research question that explores why the breweries are engaged in CSR. In order to provide detailed answers to the question of why the company engages in CSR, it is this section presents the findings in line with the CSR sources identified in the theoretical foundations: CSR and Marketing strategy (the business case for CSR), CSR and Governance, CSR and Company Values, CSR and Public Pressures & Expectations, CSR and the Law, & CSR and Stakeholders. However, with respect to the dimensions of internal stakeholders and external stakeholders, it is worth indicating at the outset that the company managers opted to provide a general response why they engage in CSR from the stakeholders’ perspective, instead of segregating between internal and external stakeholders to provide the bigger picture regarding why they do CSR from stakeholder’s perspective. Therefore, the results related to internal and external stakeholders are combined under the topic - “CSR and stakeholders” throughout the analysis.

1.1.3.1. CSR and marketing

This section presents why the case company engages in CSR from the viewpoint of the business case for CSR/marketing. In other words, it outlines the findings of the study with respect to the question “Why does the company undertake CSR” from a CSR and marketing perspective (the business case for CSR).
In explaining the reason why the company engages in CSR from the perspective of CSR and Marketing (business case for CSR), the interview result shows that the company engages in CSR, in general, because it seeks to benefit the society and contribute for the overall development of the country. However, in particular to the point of what the company has achieved for its business due to CSR, the findings reveal that due to the company’s CSR commitments, the society has developed a sense of ownership over the brewery even to the extent that the local community and a larger section of the society considers the brewery as their own. In other words, the company affirms that CSR has created a sense of ownership and belongingness among the community, and as a result the company’s reputation and image is positively reinforced. One respondent shared the following regarding what CSR has earned to the company:

"CSR has helped our company achieve a better reputation in the community. CSR has improved the image of our brewery, the public is aware of our positive contributions, and we are favorably treated. So, CSR has brand building value in the market" (M4).

Another respondent complemented that:

“CSR has made us more favorable in the society, and that makes our company profitable in economic terms. I mean, following the good reputation we earned due to CSR, we have achieved a better profitability. The society associates our company (and our brand) with good citizenship, which is supporting communities and undertaking sustainable business” (M3).

Therefore, based on the findings above it can be learned that CSR has contributed to achieve a better reputation for this company. The better reputation that the company earned, for which CSR is said to have a contribution, is a convincing reason why it has to engage in CSR from the marketing perspective. This is in line with what Carroll and Shabana (2010), as well as Vogel (2006), asserted, that there is a “cause” – a business case – for companies to engage in CSR. Further, what the company has achieved due to CSR, improved reputation, is in line with what CSR literature suggests to be one of the reasons for businesses to engage in CSR (Beardsell, 2008; Kurucz, et al., 2008; Porter & Kramer, 2006; Zadek, 2000).

1.1.3.2. CSR and governance
From the angle of CSR and governance, the company maintains that CSR is part of the company’s overall strategy and there is a separate budget for CSR initiatives. Moreover, it is disclosed that there is deliberation about CSR in the company’s management meetings. Further, the interview result shows that CSR is one of the aspects in the overall company’s policy, which focuses on enriching communities, and this is taken as the company’s CSR policy direction. One respondent said the following regarding the integration of CSR in the company’s decision-making structure:

"CSR is one of the aspects in the overall company policy. Of the company’s policy directions, one aspect focuses on enriching communities. So, CSR is part of the company policy, and as a CSR policy, i.e. enriching communities, we commit ourselves to various CSR programs that aim at benefitting the society. We also use this value of enriching communities as the CSR policy of our brewery. We always envision being a catalyst to transform our community and contribute for the development of the nation. So, CSR is policy-based in our company" (M3).

More specifically, it was revealed that the company’s CSR policy encompasses areas such as safety, marketing, production procedures and environment protection. Further, it is indicated that CSR is part of the overall quality objectives of the company.

With reference to whether the mission and vision of the company reflect CSR, the company is positive that its values (company vision) reflect the company’s CSR commitment. It is disclosed that its vision, which states that the company is committed to enriching communities, clearly reflects its CSR motives. One manager shared that:

"We have a companywide value (that is also our vision) that states we are committed to delighting consumers, enriching communities, and enhancing Ethiopian progress. One of the issues in the value/vision is enriching communities, which clearly reflects our CSR commitments. So enriching communities is our CSR aspect of the company’s value/vision. So my point is that yes, our vision clearly reflects the social responsibilities that we have to the society." (M3)
In connection, in terms of how CSR functions in the company, it was found that the marketing department has been overseeing CSR programs of the company, although this responsibility has recently been shifted to the newly organized corporate relations and social marketing department. Moreover, with respect to employment relations, the company maintained that there is a collective agreement with the employees’ association to regulate the employment relationship. Further, it was revealed that the company has recently finalized a very articulate code of conduct with respect to issues of employment in the company. Along with the production and marketing front, the company claims that its quality objectives guide its production and marketing activities.

Further, concerning CSR reporting, the managers confirmed that the company does not strongly publicize its CSR programs and does not report it to any institution or governing body, and it does not even produce reports containing its CSR performance. One of the managers expressed the following regarding this issue:

“We do not publicize our CSR programs and engagements, that’s one of the matters that many have criticized us for not doing. Many people argued that while other companies publicize a lot even about the tiny CSR deeds they do on the media and various outlets, they comment that our brewery is not doing so in spite of the enormous CSR initiatives we are implementing. We acknowledge that companies even report and publicize their CSR for PR consumption, but we have not done it thus far” (M4).

The results show that CSR is part of the company’s overall strategy and the company has a separate budget for CSR initiatives that it implements. In addition, it was found that the company has a CSR policy that focuses on enriching communities; which is also reflected on the value system of the company. There is a designated department in the company to oversee CSR practices of the company. It consults the collective agreement with employees’ association to regulate the employment relationship. The company has finalized developing a code of conduct with respect to issues of employment in the company, and along with the production and marketing front, the company claims that its quality objectives guide its production and marketing activities. This shows that the company has integrated CSR in its governance structure. In this regard, CSR authors uphold that in order to act responsibly, businesses have to integrate CSR in their governance structures such as through CSR policies
(Beltratti, 2005; Shahin & Zairi, 2007; Spitzeck, 2009). Nonetheless, even though CSR reporting is considered as an important aspect to communicate the CSR engagements of a business and to fulfill its responsibility in how it accounts for its CSR (Kolk, 2008; Whetten, et al., 2002), the findings indicate that the company did not take any initiative to report its CSR programs and achievements.

1.1.3.3. CSR and company values

In assessing why the company engages in CSR from the perspective of CSR and company values, it was found that the company’s values, which are based on the notion that a “business has a duty to serve the society” is explained as one of the reasons why the company engages in CSR. More specifically, the study uncovered that the company’s CSR value of enriching communities by engaging in socially responsible practices is one of its CSR sources to engage in CSR practices. Thus, the company proclaims that it undertakes CSR because it is part of its values, and from this perspective it is maintained that CSR is considered as a duty in the company.

With reference to the societal and ethical obligations, it is maintained that being socially and ethically responsible is in the center of the company’s values system and governance agenda. One respondent shared the following regarding the social and ethical responsibilities of the company:

"We are not running the company only for the sake of generating profit. We also have an ethical and social responsibility to enrich our communities and to contribute for the development of the country" (M3).

Obviously, the CSR value of the company emphasize that being socially and environmentally responsible is a duty, and enriching communities is taken up as its stated CSR value, which is also one of the CSR sources for the company to engage in CSR. From the angle of CSR and values, integrating ethical values in management decisions is proper because such ethical values provide a greater bastion for responsible business behavior (Crook, 2005; Maon, et al., 2010; Vives, 2008).

1.1.3.4. CSR and public pressures & expectations

In assessing why the company engages in CSR from the perspective of public pressures and expectations, the interview questions focused on identifying whether there are pressures
Appendices

(from NGOs/civic society campaigners, trade unions, and the media) upon the company in the local context demanding for (more) CSR commitments and what international CSR initiatives/tools the company applies.

In particular to whether there is a pressure upon the brewery from NGOs/civic society campaigners, trade unions, and the media for more CSR commitments, the company affirmed that there are no such organized pressures from stakeholders for more CSR in the local context. Instead, the company claims that it does engage in CSR proactively without being pushed by any of such institutions to undertake CSR. The company’s standpoint is that it has been doing CSR by itself without being informed by any of such groups taking the initiative itself. One respondent stated that:

"We are doing CSR by ourselves, without being told by any institution to do so. We have been doing all those CSR activities that we are doing without being consulted by anyone to do so. We do take the initiative ourselves" (M3).

However, the company did not hesitate to reveal that there are a number of requests even at an individual level seeking financial support.

Concerning international pressure or initiatives that the company applies, it is reported that the company is committed to comply with ISO certifications for both Quality Management System (ISO 9001) and Environment Management System (ISO 14001). It is disclosed that the company is certified for both these ISO standards, and its operations usually undergo ISO audits for both areas, and it is certified according to these standards as well. One manager shared the following regarding this ISO certification:

"ISO audits our quality management and environment management system annually, and we always keep upbeat with our performance in both cases, and we always have those ISO certifications without being denied at any time ever since we started operations, and we are the first in the country to get those ISO certificates" (M3).

Thus, from the perspective of public pressures & expectations such as pressures for (more) CSR in the local context, it was found that there is no organized pressure in the local context that requires the company to do more CSR. Further, in terms of international initiative, the
company observes and complies with ISO 9001 (Quality Management System) and ISO 14001 (Environment Management System) certifications. In other words, although CSR literature indicates that such conditions as public pressures and expectations influence businesses to consider socially responsible behavior (Ribstein, 2005; Ward, 2004), there are no strong public pressures in the local context that force this case company to engage in (more) CSR commitments. That is, pressures from various groups in the local context demanding for (more) CSR do not exist, at least in this company’s case. Nor does the company depend heavily on international CSR guidelines or frameworks. So it can be concluded that public pressures are hardly the reason why the company performs CSR in the local context.

1.1.3.5. CSR and the Law

This section presents the assessment of why the brewery engages in CSR from the perspective of CSR and the law. It examines whether the company is engaged in CSR in response to a legal requirement. Accordingly, it may explore the situation from the viewpoints of whether there is a legal requirement for the company to do CSR, and its participation in public policy dialogue.

With respect to what national law enforcement the company expected to comply with regarding CSR, the interview result with the company managers affirms that there is no a CSR law to follow up in the country. It is maintained that there is no a CSR law in the country; instead the respondents indicated that the company is executing its CSR programs voluntarily.

Regarding the semi-legal standards, as indicated in the CSR and governance section, it is disclosed that the company observes semi-legal requirements in two fronts that is with respect to employment, and production and marketing. With respect to employment relations, the company maintained that there is a collective agreement with employees’ association to regulate the employment relationship; plus it was revealed that the company has recently finalized a very articulate code of conduct with respect to issues of employment in the company. Meanwhile, along with the production and marketing front, the company claims that its quality objectives guide its production and marketing activities. Overall, the company proclaims that the recently finalized code of conduct, that will be operational soon enough, will be used as an important yardstick, which touches areas such as the way the company is
governed, the interactions between the Board of Directors and the company, the relationship between the management and the employees, and environmental and social responsibility areas that the company gives priority to.

Eventually, with respect to the company’s participation in public policy dialogue, the study result shows that the company does not participate in public policy dialogues for the time being, and promises that it will do so if conditions are right to do so.

The results above indicate that there is no CSR law or guideline in the country to be followed by the company. However, although enforcing strict CSR laws particularly in developing countries is challenging (Vives, 2008), companies can still rely on codes of conduct to ensure responsible corporate behavior (Rahim, 2013), but this particular business is yet in the process of developing a code of conduct. Moreover, although it is suggested that businesses may have to participate in public policy dialogue in addition to acting within the law to contribute to enrichment and refining of existing laws (Business Roundtable, 2012), the company under the study does not participate in public policy dialogue. Based on these findings, it can be said that laws are not a source (driver) for CSR, for this particular company.

1.1.3.6. CSR and stakeholders

The details of what types of CSR the company performs to its various stakeholders including shareholders (owners), employees, local communities, customers, farmers and the environment was explained in the earlier sections of this part, which addressed the first research question of the study, i.e. “What CSR practices does the company undertake?” Meanwhile, while investigating the stakeholders as one of the sources (drivers) of the company’s CSR, the question in focus is “Why does the company engage in CSR from the stakeholders’ perspective?” As indicated in the start of this part, the company managers opted to provide a general response as to why they engage in CSR from the overall stakeholders’ perspective, instead of segregating between internal and external stakeholders. Therefore, the result which relates to the question of why the company engages in CSR from the perspectives stakeholders combines the perspectives of internal and external stakeholders, in this analysis.

Accordingly, the study result shows that in terms of why this particular company engages in CSR from a stakeholders’ perspective, the company affirms that stakeholders are one of the
reasons why it engages in CSR, because it is in the best interest of the company to be responsive to the interests and demands of its major stakeholders. In other words, responsiveness to stakeholders is defended as one of the major reasons why the company engages in CSR.

In connection, in its drive to be responsive to stakeholders, it is disclosed that the company profiles its stakeholders into direct and indirect stakeholders. While customers, the local communities, employees, agents, farmers, distributors, and sister companies are part of the direct stakeholders, the indirect stakeholders include financial institutions such as banks, tax authorities, and other government institutions and NGOs. Moreover, while being responsive to all major stakeholders is one of its CSR drivers, the interview result with the managers’ show that the company gives priority to customers and the local community. Further, in order to boost its responsiveness to its stakeholders, it is indicated that the company holds dialogues with all of its stakeholder groups; and it holds such dialogues with individual stakeholder groups as well as well as a Multi Stakeholder Dialogue (MSD) with various stakeholder groups. It was revealed that the dialogues focus on discussions to capitalize on strengths and address weaknesses with respect to what the company is doing, particularly in the areas of social and environmental responsibility. In other words, it is claimed that the goal behind why the company engages in stakeholder dialogue is to be a positive contributor to the interests of the company’s stakeholders, which is to galvanize the company’s efforts for the good of the stakeholders.

It is indicated in the CSR literature that businesses are expected to place responsible attention to stakeholders’ interests in order to strengthen their relationships with stakeholders with the goal of minimizing conflicts and maximizing the loyalty of the stakeholders (Ali, et al., 2010; Millon, 2010). In addition, engaging in dialogues with stakeholders is an aspect of CSR, which helps businesses better address stakeholders’ interests by developing relationships with the stakeholders (Albareda, et al., 2007; Payne & Calton, 2004).

1.1.4. Benefits and barriers of implementing CSR in the local context

Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #2
As part of the level I analysis, the previous two sections provided answers to the first and the second research questions of the study, given the case company under the analysis. To wind up this level of analysis, there is one more research question that needs to be addressed, and that is about the benefits and barriers of implementing CSR in the local context. The interview data set with the company managers serve as the basis to answer this question.

With reference to the question of what benefit implementing CSR has brought about for this company, the interview responses of the company managers affirm that implementing CSR has enhanced the company’s reputation. The company claims that CSR improved the brewery’s reputation and improved its image. One manager shared that:

“The benefit that CSR has for our company is that it has improved our reputation and image. The good deeds that we have done in terms of CSR have come around in the form of improved reputation” (M4).

So, the major benefit that CSR brought to this company is reputational benefit and improved image.

In view of the barriers that it faces in implementing CSR, the company disclosed that most of the barriers that it is dealing with in implementing CSR emanate from external factors such as limited awareness about CSR in the community and the several stakeholders that the company works with. It is maintained that lack of well-developed and integrated awareness about CSR in the local area is one of the major challenges. One of the managers stated the following in this regard:

“There is limited awareness about CSR in the community as well as various stakeholders that we work with. That is a challenge. Lack of awareness among communities regarding the importance of nurturing and protecting some of the CSR activities we do is a common experience. For example, we plant trees in many areas for the purpose of reforestation, but we notice such projects get no protection from the local community, we even notice tree seedlings get destroyed by humans and cattle. So, lack of well-developed awareness about CSR in the local area is one of the major challenges” (M3).
Moreover, it was revealed that the scale of social problems in the local context represent another source of CSR challenge, this is due to the vastness of social problems in the area. Further, it is indicated that the company receives numerous requests for support from lots of people from the various regions of the country. The company complains that such individual requests are unconsolidated, scattered, and fragmented. More so, it is underscored that company resource limitation/budget constraint is also an internal barrier to CSR. One respondent described the situation as follows:

"There are barriers that are affecting our CSR initiatives. The first one is the scale of social problems that the country observes; there are lots of social problems which are cumbersome. The second one is that there are numerous requests for support that reach our office from lots of people from the various regions of the country. These individual requests are often times unconsolidated, and are difficult to respond to. One cannot solve all the enormous problems that exist in the country. So, scattered, fragmented requests for support are another source of problems to our CSR programs. Thirdly, there is resource limitations as internal barrier to CSR, i.e.; our CSR budget can never be big enough given the enormity of the social problems around" (M4).

Therefore, based on the above results, the benefit of implementing CSR for this case company is that it has improved its reputation and image. This is in line with the idea in the extant CSR-literature, that CSR has positive effects on company image and reputation (Burke & Logsdon, 1996; Kurucz, et al., 2008; Weber, 2008).

On the other hand, the barriers that the company confronts in implementing CSR include (1) limited awareness about CSR among the community and other stakeholders, (2) immensity of the social problems that exist in the local area, (3) unconsolidated, scattered, and fragmented individual requests for support and (4) resource/budget limitations.

1.2. Summary
This part presented the study results of Case #2. It has highlighted the CSR practices that the case company performs, why it performs CSR, and the benefits and barriers of implementing CSR in the local context. This section provides a summary of the findings per the research questions.

**Research question 1 – What CSR practices do the selected breweries undertake? Case #2**

First, in terms of assessing what types of CSR practices the case company performs, the study results reveal that there are a range of CSR practices that the company performs towards its shareholders, employees, the local community, customers, farmers, and the environment.

- With respect to shareholders, it was found that the company is committed to be transparent to its shareholders by providing timely information and that it is always ready to supply the necessary information to shareholders, whenever it is needed.

- With reference to CSR to employees, results indicate that the company is engaged in a range of employees’ focused CSR practices, including developing the skills, abilities and knowledge of employees through formal training and education (involving paying the full tuition for the employees education); providing medical care coverage to all its employees and partial medical care coverage to the dependents of the employees; round-the-clock accident and life insurance coverage; generous annual bonuses (5-6 months’ salary); ensuring occupational health and safety standards to protect employees from industrial accidents (such as protective clothes and safety training); interest free loans; incentive plans and commissions; free transportation service; attractive career development opportunities; supporting the employees’ association, and distributing holiday gifts.

Nonetheless, there are some negative aspects that the study identified with regard to the company’s CSR engagements with its employees that require the consideration of the management. These drawbacks include less attractive salaries; wide salary and benefits gap between managers and the employees; ongoing discrimination due to nepotism and favoritism; a reviving conflict between the management and the employees’ association due to the reluctance of the management to renew the collective agreement; limited/weak employee participation in CSR activities; insufficient family medical care; no facilities for child care services; absence of breast feeding rooms for nursing working-mothers; despite commendable safety and health
standards, fatal accidents still happen; employees are not encouraged to volunteer in other organizations to share their skills and experience; the management is not open to its employees, and it does not take employees’ ideas in decision-making; and there is discrimination among the various departments within the company, such as employees from the production department get preferential treatment in terms of salary and benefits.

- With respect to CSR to the local community, the results indicate that the brewery is engaged in a number of CSR practices that are intended for the local communities. The most important ones are creating employment opportunities to the local youth by organizing them under associations; supporting infrastructure development, industry-university linkages, erosion control and clean water supply projects; the, construction of housing for the poorest of the poor; support to orphans; HIV prevention, care and support programs; and participation in community dialogues to be part of the solution to problems that the local communities face.

- Regarding CSR to customers, it was discovered that the major focus of the brewery is ensuring that consumers get healthy beer that is free from sugar and has soluble alcohol, opposed to high alcohols that are bad to the health of consumers. The company also asserts that it applies a feedback system with its consumers to serve them better. It is also reported that the company employs computerized bottle cleaning to avoid human contact due to its high concern on hygienic practices in the production process. Moreover, the company claims that it promotes responsible drinking through its advertising. It also states that it employs truthful advertising that is not aggressive. And with respect to educating customers in reducing the environmental cost of its products, it is shown that the consumption of its products does not cause environmental pollution as the bottles and the containers are reusable and recyclable. At the downside, the company admits that it did not do enough with respect to consumer information availability.

Nonetheless, interview results from government authorities, NGOs, and academics criticize the brewery sector for its poor consumer information availability such as poor labels and insufficient information about its products and production process, for its aggressive and tempting advertising that is indiscriminate of the age of the
audience; which entices the youth for more alcohol consumption. Moreover, those critics underscore that the brewery sector is not doing enough to promote responsible drinking.

- The company’s CSR commitment to the local farmers includes activities ranging from subsidizing improved malt barley seeds to improve productivity of small holder farmers to that of assigning agronomical experts that help improve the productivity of the farmers. The company’s involvement in offering early prices to the barley growers builds the farmers’ confidence about the availability of a market for their products. Furthermore, the company attempts to support the farmers on the off-the farm activities such as in transportation of their harvest by collecting the barley harvest from various centers, particularly from the farmers cooperatives. Nonetheless, the interview result with the farmers that this particular company works with uncovered that the farmers have concerns, such as their complaint that they get unsatisfactory prices for the barley they sell to the brewery, that the brewery fails to individually recognize the farmers and makes deals remotely with the farmers’ cooperatives/unions, and that it does not provide the farmers a robust agronomical support. In terms of the latter, the farmers accuse the brewery of playing only a buyer role.

- Regarding environmental protection activities, the study results indicate that this particular company has a good record of environmental protection activities that range from germination and development of tree seedlings at an industrial scale to support reforestation efforts throughout the country to that of waste water treatment that even enables local farmers to use the treated waste water to irrigate their farm lands. It also undertakes erosion control activities especially in the water catchment areas where the company sources its water. Moreover, it was found that the company recycles water as part of its water conservation program. Further, the carbon collection activities, which the company undertakes to reuse carbon dioxide as an ingredient in the production process is also a noteworthy practice. More so, the company converts waste to other use such as making use of part of byproducts and residuals for animal feed and fertilizer.

**Research question 2 – Why are the companies doing CSR? Case #2**

376
Secondly, in assessing why the company performs CSR, this study attempted to explore the reasons from various dimensions: marketing strategy (the business case for CSR), governance, values, laws, market conditions, and stakeholders.

- Accordingly, from the viewpoint of the business case for CSR, results indicate that CSR has helped the company achieve a better reputation in the local market. In other words, the study found out that there is a “business case” as to why the company engages in CSR. The interview result with the company managers asserted that CSR brought about reputational benefit to the company.

- From the perspective of governance, results show that the integration of CSR in the company’s overall strategy is the other reason why the company has to engage in CSR. CSR is part of the company’s policy (the company has a CSR policy that focuses on enriching communities), there is a separate budget for CSR, there is department that is responsible to implement CSR in the company, the company consults the collective agreement that it has with the employees’ association in monitoring its relationship with the employees, it has quality objectives to govern its production and marketing activities of the company. So, it was found that the integration of CSR in the company’s overall governance structure is one source/driver for the company to engage in CSR.

- From the viewpoint of CSR and company values, it was found that one of the reasons why the company engages in CSR is because it is in the value system of the company to be responsible. It is maintained that the CSR values of the company emphasize the very idea that being socially and environmentally responsible is a duty, and enriching communities is taken up as its stated CSR value. That is societal and ethical obligation is proclaimed to be a CSR agenda in the company. The managers indicated that this value is an additional source/driver of CSR for the company.

- In exploring why the company engages in CSR from the angle of CSR and public pressures & expectations, results show that there is no organized pressure in the local context that requires the company to do more CSR. Further, in terms of international initiatives (CSR guidelines or frameworks), that the company observes and complies with ISO 9001 (Quality Management System) and ISO 14001(Environment Management System) certifications. That is pressures from various groups in the local
context demanding for (more) CSR do not exist, at least in this company’s case, nor does the company depend heavily on international CSR guidelines or frameworks. So public pressures and meeting public expectations are hardly the reason why the company performs CSR in the local context.

- From the perspective of CSR and the law, the study results show that there is no direct CSR law at the national level to follow by the company, and it is engaging in CSR activities voluntarily. This indicates that the law is not the source of CSR in the local context, at least as per this company. Rather, CSR is a matter of self-regulation for this company, depending on its CSR policy, the collective agreement with the employees’ association, quality objectives to control its production and marketing activities. It is also maintained that it has finalized a code of conduct, but it is not yet implemented to be used as a semi legal framework to self-regulate.

- At last, in exploring why the company engages in CSR from the perspective of CSR and stakeholders, it is explained that being responsive to stakeholders’ interests and demands is one of the company’s reasons why it engages in CSR. In other words, responsiveness to stakeholders is taken as one of the sole reasons why the company embarks on CSR practices. In connection, to better understand and respond to the stakeholders’ interests, the company categorizes its stakeholders into direct and indirect stakeholders groups. It also engages in stakeholder dialogues (including multi-stakeholder dialogues) with its various stakeholders.

**Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #2**

Third, in line with the assessment of the benefits and barriers of implementing CSR, the interviews with the company managers indicate that CSR has brought about improved reputation and image for the company as the benefit of implementing CSR. Meanwhile, the company identifies the barriers to CSR implementation to be limited awareness about CSR among the local community and other stakeholders that the company works with, immensity of the social problems in the local context, unconsolidated (scattered and fragmented) individual requests for support, and company budget limitations.
Analysis of the CSR Practices of Case #3

The analysis, in this section, follows the same pattern – that was used in analyzing the previous case companies, based on the notion of multiple case studies (see Chapter 5). In effect, replicating the analysis of the previous cases, in this analysis of the third company’s CSR case, the research questions pertaining to the CSR practices of the company will be addressed. In other words, following the same analysis modality as in the previous case studies, the first part of the analysis answers the question “What are the CSR practices that the company is undertaking?” (Research question 1). Once this question is addressed, the next step is to answer the second research question (Research question 2), which inquires why the company engages in those CSR practices that it undertakes, and later on the analysis provides answer to the remaining two research questions, that is (Research question 3) “What benefits and barriers does implementing CSR have for the company in the local context?” and (Research question 4) “How are the international CSR strategies (and ambitions) of the international companies implemented in the local context?”

1.1. Level I – Local Situation: Case #3 – Local CSR

In this first level of the analysis of Case #3’s CSR, three of the research questions pertaining to the CSR practices of the company will be addressed. The first part of the analysis answers the question – what CSR practices is Case #3 undertaking in the local context? Once this question is answered, the next consideration is to answer the second research question, which inquires why the company engages in those CSR practices in the local context? Later on this level of analysis will provide answer to the research question –What benefits and barriers does implementing CSR have for the company in the local context?

Research question 1 – What CSR practices do the selected breweries undertake? Case #3

The first part of this section starts with answering the research question – What CSR practices are the breweries undertaking? The results will first display the CSR practices of the company as claimed by the managers and the company’s website documentation, and then it is followed by the triangulation of the responses from employees, NGOs, government authorities, farmers and academics with respect to what CSR practices the companies are engaged in. While the responses of the managers, the employees, and farmers could be made specific to each company under consideration, the responses from other external stakeholders including the government authorities, NGOs, and academics are analyzed in aggregate in
Appendices

Appendix 9 as the responses provided by these external stakeholders are pointed at brewery sector in general. For the interest of analysis, the managers who were part of the interview from this company are identified as M5 and M6, while the employees who involved in the interview from this particular company are identified as E7, E8, and E9.

To begin with, it was noted in the theoretical foundations that CSR is recognized as the responsible way of doing business, which involves taking initiatives to be responsive to the needs of stakeholders in order to offer social and environmental benefits to those stakeholders including shareholders, employees, customers, local community, suppliers (such as farmers), and the environment (Bondy, et al., 2012; Ho, 2013; Sjåfjell, 2011; Sprinkle & Maines, 2010). In view of this general perspective, the study starts with exploring how CSR is taken in this particular company and then it attempts to assess what CSR practices the company is undertaking to answer the first research question of the study.

1.1.1. Understanding of CSR in the company

The interview discourse with the company managers started with a question how CSR is understood in their company. The interview results show that the company’s CSR intention is to create shared value, and that is not just giving something for free. In other words, the prevailing CSR understanding is that there must be mutual benefit, and there is mutual incentive to make certain situations work. Further, it was revealed that there are financial contributions that the company does towards the environment and the community as part of its CSR goals.

Accordingly, the CSR understanding that prevails in this particular company focuses on creating shared value based on mutual incentives and mutual benefits both for the company and the community as well as the environment. Thus, the findings and the quotations above imply that the CSR understanding that exists in the company matches with the meaning of CSR dictated by various CSR authors that emphasize CSR is taking responsibility for the society and the environment that business works with (Fenwick & Bierema, 2008; Proença & Branco, 2014).

1.1.2. CSR practices the company performs

With reference to what types of CSR practices the company undertakes, the study results show that the local company’s CSR activities are centered on three areas: promoting responsible consumption, supporting communities, and protecting the environment. These are
the company’s focus areas of CSR in the local setting. The interview data indicates that the promoting responsible consumption aspect of the company’s CSR engagement focuses promoting the idea that alcohol is a special product that needs to be consumed responsibly. The second CSR area of the company, which is supporting communities, is all about equipping people with skills and resources to build better future for themselves. The third one is protecting the environment by reducing the company’s environmental impact by taking responsibility to protect it and through water balancing strategy, which endeavors to create water balance through projects that provide access to clean water and sanitation facilities to vulnerable communities in different parts of the country. To provide a better understanding of the company’s CSR practices, an elaborated discussion of the CSR engagement of the company with each of its stakeholders’ constituencies is presented below.

1.1.2.1. CSR to shareholders (owners)

With respect to CSR to shareholders, the study found that transparency is the major requirement that the company strives to accomplish all the time towards the interests of shareholders. It is maintained that for the most part, the company follows an open door policy and it is working very hard to make its internal communications very clear and transparent. It is also indicated that the company provides necessary information in terms of annual financial and sustainability reports; and there is online information available on company websites.

CSR literature indicates that being concerned about shareholders and providing them the necessary information on a timely basis is one aspect of a company’s responsibility (Business Roundtable, 2002; Hong & Xiaoli, 2010; Ribstein, 2005). The study results above indicate that the company produces annual financial and CSR reports to keep its stakeholders including shareholders informed. Moreover, there are also online sources of information about the company’s performance that are readily accessible. These online sources comprise of information about the company’s CSR initiatives as well as financial reports. While most of the report is made at the global and regional level, there is limited information about the CSR approaches at the local level. Most of the CSR reports regarding the local context are small case studies such as what the company is doing to local farmers that it supports.
1.1.2.2. CSR to employees – Company perspective

As noted in the theoretical foundations, a company’s CSR practices to its employees may cover a range of activities such as fostering the right to association and collective bargaining, providing a working environment that is healthy, safe and hygienic, elimination of discrimination, abolition of forced labor, fairness and equity in pay/attractive pay, employee volunteering, education and training opportunities, employees participation in decision-making, attractive career opportunities, nurture required talent, access to medications & other benefits, childcare/family care services and so on (Graafland, et al., 2004; Heslin & Ochoa, 2008; McWilliams, et al., 2006; Porter & Kramer, 2006; Ruggie, 2008; Tsang, et al., 2009).

In presenting the results of the company’s CSR to employees, two sets of analysis results are taken into account. The first one is from the interview information from the company managers and the other one is from the interviews conducted with employees of the company. This particular section presents the views of the managers on CSR to employees, which is subsequently followed by the views of the employees on the same issue.

Accordingly, the study result of the company’s perspectives on CSR to employees starts with stating the general CSR practices that the company performs to its employees. Then, it highlights the interview results with the company managers on specific topics including employees’ influence/participation in the company’s CSR practices, fair and equitable treatment of employees, management’s openness to employees, management’s respect to employees grievances/suggestions, attractiveness of compensation and benefits packages, the company’s effort to provide attractive career opportunities, and the role of the company to support the employees’ association.

On the company’s CSR practices to employees

The assessment of the CSR commitments to its employees revealed that the company does a number of CSR practices towards its employees. These include creating employment opportunities for the locals and investing in human capital and developing the capacity of its employees as well as ensuring workplace safety and health and providing a range of benefits to the employees. So, with the aim to develop the capacity of employees, the company claims to provide employee’s continuous training opportunities that help build the capacity of employees. Further, in line with employees’ benefits, there are full medical coverages, catering services, bonuses, and holiday gifts given to the employees. More so, the interview
result revealed that the company is very much concerned about employees’ safety and health so that employees undergo intensive safety induction and are provided personal protective equipment such as high visibility vests, ear plugs, gloves, safety shoes, and goggles depending upon the nature of their work. In line with safety matters, the managers emphasized that the company has zero tolerance to accidents, and there are safety managers that assist employees to meet the maximum safety standard possible, and there are safety notices at every corner in the brewery. It is further indicated that as the company has a number of sales people, who must drive. The sales people are required to take driving classes that educate them to focus on saving lives, time, and money, in spite of the circumstances around them and the actions of other drivers and people, so that the company’s employees will stay safe even on the road. The employees who participated in the interviews have also confirmed that the safety and health standards in the company are remarkable.

**Employees’ influence/participation in company’s CSR practices**

In examining the employees’ influence/participation in the company’s CSR programs, the interview result shows that, in terms of the environment, once a year the company has a designated day, and that is when local community members and employees come together to plant trees to give back. That is basically a one day event annually that company employees take part to make a difference and feel that they are working with the community. Moreover, there is another annual event which is organized by the company, when the company’s employees and local communities come together, and go around with the community outside of the brewery for cleaning activities. Everyone gets gloves and trash bags to beautify the surrounding community. The interview response of the employees with these regard indicates that the employees are offered CSR training to create and enhance their awareness about CSR and they are also expected to observe the company’s code of conduct in their daily activities, and the employees association can also suggest possible CSR areas. As indicated in Chapter 6 (review of company documents), the code of business conduct sets out the way the company works, its commitments and what is expected of each of it. It is the company’s code of ethical behavior, built around its values and aspirations. Otherwise, their responses maintain that it is employees from the corporate relations office who are mostly involved in the CSR program and practices of the company. It is indicated in CSR literature that the participation of employees in company decisions, which may also include participation of employees in CSR decisions and activities is necessary as the successful delivery of a company’s CSR depends
on the employees’ zealous participation and commitment (Collier & Esteban, 2007; Graafland, et al., 2004; Porter & Kramer, 2006). In this view, the company is expected to work more towards participating employees from its various departments instead of concentrating on employees mainly from one department in its CSR engagements.

**Fair and equitable treatment of employees**

With reference to how fairly and equitably the employees are treated within the company; the study found that the company managers believe that their employees are treated fairly and equitably, and it is even indicated that employees are always encouraged to act as owners. However, the interview results with employees indicate that there are serious problems that eroded the essence of fairness and equity in the company due to the division of employees into “old blood” and “new blood” categories that entails significant discrimination in favor of the new blood employees, who are provided preferential treatment such as better salary and benefit packages. The old blood employees are those who have been working in the company before the acquisition, and new blood employees are those who got hired by the new company after the acquisition. In view of this, proponents of CSR disallow lack of fairness and equity, and they rather insist that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Ruggie, 2008).

**On management’s openness to employees**

With regards to the issue of management’s openness to its employees, the interview data with the company management reveals that the management believes for the most part it applies an open door policy and it is working very hard to make its internal communications very clear and transparent, and its employees feel a part of any decision. In other words, it is claimed that there are rigorous efforts in the company that aim at ensuring transparency such as between management and employees. The managers’ view is that this done because when transparency is reinforced openness and closeness between management and employees are reinforced. They have also indicated that there are regular discussions with the employees, and the management tries to come up with resolutions for those issues that are raised in those discussions, and communicates the resolutions to the issues. Nevertheless, the interview result with the employees on this particular issue asserts that the management is not open to the company’s employees, and that the management makes decisions alone without involving the employees. From the viewpoint of responsible business behavior, it is rather expected that
the management of businesses may have to be open to their employees as part of their CSR commitment to employees (Business Roundtable, 2012; Molnar & Mulvihill, 2003), and management openness is useful to encourage and support suggestions and change initiatives emanating from employees (Morrison & Phelps, 1999).

**Management’s respect to employees’ grievances/suggestions**

In assessing how respectful the management is to its employees in terms of handling employees’ grievances and suggestions without intimidation and retribution, the management upholds that there are various ways for the employees to present their grievances, and the most common one is the speak up method. It is indicated that there are phone numbers to speak up or present grievances. It is also indicated by the managers that the speak-up method can be used even to present one’s grievance to the global office, and it is also disclosed that it is still possible to address/present grievances or complaints anonymously without fear of retribution. The employees who participated in the study stated that they can either individually or through their association present their grievances, and there is a grievance handling mechanism in the company. However, the employees shared that the problem is that the management does not take their complaints seriously. Implementing a grievance handling procedure and respecting employees’ grievances is one aspect of responsible business practices (Business Roundtable, 2012; Kolk, 2008).

**Attractiveness of compensation and benefits packages**

In assessing the management’s view on the attractiveness of compensation and benefits packages that the company provides to its employees, the interview response indicates that there is a range of salaries in the company. The management believes that the brewery provides some of the highest compensation to its employees compared with peers in the sector. Further, the management maintains that what it provides to its employees is not just salary; rather it is a package that provides all of these benefits such as leave, medical coverage, catering service, transportation service, bonuses, access to professional development, employees’ safety and health, promotion and training opportunities, which the managers believe are attractive. However, the employees bitterly criticize the company for executing two different salary schemes, one for the new blood employees, and the other for the old blood employees. These respondents retort that there is discrimination over salaries and benefits, whereby the company provides preferential treatment in terms of paying much
higher salary and providing better benefits to the new blood employees. The study result shows that the old blood employees are not satisfied with the compensation and benefit schemes of the company. From the perspective of responsible business practices, it is rather necessary to provide proper remuneration to employees of a business, which is just and favorable remuneration (Crane, Matten, & Spence, 2008; Ruggie, 2008; Spiller, 2000).

On company’s effort to provide attractive career opportunities

In relation to the company’s effort to provide attractive career opportunities as well as to nurture the talents of its employees, the managers claim that the company has a performance management system that is mainly designed to address the career path of employees through career conversation. In this career conversation, it is indicated that the employees outline positions that they would like to reach or achieve in the short term, medium term and long term. This is considered by the management as an input to the career planning, and the company assists the employees in various ways to achieve their aspirations. Further, it is maintained that there are also recurrent training sessions for employees. However, the interview result with the company’s employees reveals that the company gives priority to the new blood employees in both career promotion and training opportunities. Addressing the employees’ needs for career progression through learning and development in a responsible way is one of the considerations in CSR (Porter & Kramer, 2006; Spiller, 2000).

On the role of the company to support the employees’ association

Management says it considers the employees’ association as a partner. The management claims that it has got a lot of positive recognition from the local confederation of labor unions for its positive partnership with its employees association. Nonetheless, the employees who participated in the study argued that the management is systematically hijacking the employees’ association by offering tantalizing benefits to the leaders of the association so that the leaders are manipulated and influenced by the management unscrupulously. According to the later view, even though the management does not discourage the presence of employees’ association (for example, unlike as in Case #3), it is systematically compromising the employees’ rights by manipulating the leaders of the employees’ association. Proponents of responsible business practices advocate that the employees’ rights to association should be respected (Crane, Matten, & Spence, 2008; Global Compact, 2000; Ruggie, 2008) and it does not sound appropriate to see the management meddling with the
employees’ association. Otherwise, the presence of employees’ association in the company is in line with the major ideals behind the ILO convention (ILO, 1998) as well as the constitution (FDRE, 1995) and labor proclamation (FDRE, 2003) of Ethiopia, that promote the rights of employees to form association.

1.1.2.3. CSR to employees – Employees’ perspectives

In this particular section the employees’ assessment of the CSR commitment of the company towards the employees is highlighted. The topics it covers include the employees’ understanding of CSR and their evaluation of the company’s CSR commitments to the employees. The employees’ evaluation of the company’s CSR commitment towards them begins with demonstrating the employees’ viewpoints on the types of CSR activities that the company undertakes towards the company employees, then it displays the employees’ evaluation/assessment on several issues including their involvement/influence on the company’s CSR programs, whether they are treated fairly and equitably, the attractiveness of the compensation and benefits that the employees get from the company, openness of management to employees, availability of career opportunities/prospects, workplace safety and health, prevalence of any form of discrimination, whether they are encouraged to volunteer in other organizations or in the community, and finally it presents worries that the employees have related to the employment relationship in the company, and improvements they anticipate. This helps to triangulate the findings outlined in the previous section based on the interview responses of the company managers. For the interest of the analysis, the employees who participated in the interview from this particular company are identified as E7, E8, and E9.

Employees’ understanding of CSR

In assessing the employees’ understanding of CSR, the interview responses from the employees indicate that they understood CSR as the responsibility that a business takes up to support the society and protecting the environment, and promoting a legal and legitimate way of doing business by discouraging what’s illegal and unethical. In other words, the employees indicated that CSR consists of programs that a business runs to fulfill its social and environmental responsibilities, which involve activities, projects and tasks that are designed to help the society. Accordingly, the interview results above reveal that the employees who participated in this study have an understanding of CSR as a business responsibility towards
the society and the environment. This is in line with how CSR is described in the literature (Fenwick & Bierema, 2008; Proença & Branco, 2014).

The company’s CSR practices to employees – employees’ perspectives

In the effort to unveiling the employees’ evaluation of the company’s employees centered CSR practices, the interviews with the employees started by inquiring about what specific CSR practices the company performs towards the employees. The employees indicated that they are offered CSR orientations and training, and most of the training focuses on ethical issues and good behavior involving topics such as alcohol policy and environmental policy. Moreover, they have disclosed that there are benefits such as medical coverage, transportation service, catering service that provides employees free lunch and highly subsidized meals, safety and health protections, bonuses, and gifts in holidays. The respondents also maintained that the company is committed to the protection of child labor, and it never hires under age children or person who are under the age of 18. In connection, the interview result showed that as a global operator, their company is aware of the ILO conventions, and the company has incorporated the ILO conventions in the company policies. However, the employees disclosed that there are implementation problems over those ILO conventions which are part of the company’s HR policy. The respondents indicated that the most serious problem is the discrimination of employees through divisive approaches by segregating employees into new blood and old blood employees, whereby the new blood employees are offered preferential treatment in terms of salaries, benefits, and career opportunities and the old blood employees are offered inferior salaries and benefit packages.

In other aspects, however, particularly with reference to workplace safety and health, the employees have highly appraised the safety and health standards and considerations as remarkable. They have unanimously confirmed that there is rigorous safety training and that employees are provided the necessary personal protection equipment at work.

Involvement/influence on the company’s CSR programs

With reference to the employees’ involvement as well as influence on the CSR programs of the company, the employees indicated that they have received training on CSR areas, and they are supposed to observe the company’s codes of conduct while performing their daily activities. However, one employee (E9) asserted that this does not mean employees are getting involved in CSR activities of the company. This respondent shared that most of the
employees are not given direct opportunity to participate in typical CSR activities of the company because mostly the design and implementation of CSR activities are undertaken by staff members from the corporate relations department of the company. The following are the views shared by the respondents in this regard:

“I feel I am involved in the CSR activities and programs of the company. I am involved as an employee in CSR activities by fulfilling my responsibility in implementing the policies” (E7).

“We [employees] took training on CSR, the company trains us to create awareness about CSR. All employees are given training on the company’s code of conduct, and everyone is expected to watch out/observe these codes in every activity” (E8).

“I have not the opportunity to participate in CSR activities personally, mostly CSR activities are done by the managers and particularly by people from the corporate relations department” (E9).

In addition, the employees have also shared that they do not have the power to influence the CSR programs of the company as they indicated that it is the management that handles the CSR programs of the company. The employees shared the following in this regard:

“The management handles the CSR programs locally, and in my view employees do not have a direct influence on the company’s CSR program” (E8).

“The management makes the decisions and develops programs that it wishes to execute. Employees do not have such privilege or power to influence the company’s CSR programs” (E9).

Nonetheless, it is also revealed by one respondent (E7) that there is a possibility for the labor union to propose such CSR initiatives to the company’s management. Over all, based on the interview responses of the employees, it is noted that the company employees are offered CSR training and are expected to observe the company’s code of conduct in their daily responsibilities. It is also maintained that the employees’ association can also suggest possible CSR intervention areas to the management. But, there is still an indication that the management of the company, particularly the corporate relations department and employees
from this particular department involve in CSR programs of the company, and employees from the other units have less participation in the company’s CSR programs. CSR authors suggest that employees’ participation in a company’s CSR programs is important as the successful delivery of a company’s CSR practices depends on employees’ participation in a company’s CSR initiatives (Collier & Esteban, 2007; Graafland, et al., 2004). Moreover, engaging employees in CSR enables employees “find greater meaningfulness and values congruence at work” (Glavas, 2016, p. 2).

**Employees’ evaluation of management’s fairness and equity**

In assessing whether employees are treated fairly and equitably in the company, the interviewed employees reported that there is a division of employees into old blood and new blood groups that has brought about divisive implications on salaries and benefits. The employees asserted that this division makes achieving fairness and equity difficult in the company. In view of this, the respondents stressed that there is rather a lack of fairness and equity due to structural changes that happened following the acquisition. The employees affirmed that subsequent to the acquisition, there emerged two groups of employees, which are marked as old blood employees and new blood employees. According to this division, the old blood employees are those who have been working in the company before the acquisition, and new blood employees are those who got hired by the new company after the acquisition. The respondents complain that the new blood employees receive higher salaries that are many-fold higher than the salaries that the old blood employees get. Also, the benefits and allowances that the new blood employees get are much higher than what the old blood employees receive. According to the interview data, the salary and benefit schemes that are meant for the new blood employees are different than the benefit and salary schemes of the old blood employees. The interview data further shows that the old blood employees continued to be paid with the old company’s salary scale and benefits structure which is less attractive than the current company’s pay and benefits structure, which is based on the global company’s standard.

In other words, the employees who were part of the interview disclosed that they do not feel so good about being treated fairly and equitably. They shared a story that during the pre-acquisition period, there was relatively better fairness and equitable practices. Back then, the respondents uphold that as civil servants all employees had received fair and equitable treatment, and they mentioned that they had no serious problems that relate to fairness and
equity. However, in the post-acquisition period, they furiously criticize that a serious problem took shape that obliterated fairness and equity in the brewery.

The employees kept explaining that right after the acquisition, the new company was busy with restructuring the company, and as a result the company wanted to terminate the jobs of hundreds of employees because the new company allegedly stated that it would go machine intensive and will not need to have so many employees. Then, a significant number of employees (the respondents stated the number to be over 200) left the company, most of them involuntarily. After that, the employees witnessed that what they observed is a different story. Those employees who were forced to leave were not necessarily reduced due to excessive number of employees, because after the reduction of the previous employees the company hired many new employees to replace those who are reduced with the mere goal of bringing in new blood in place of old blood employees; this was not because new job skills are needed or is due to job changes. Moreover, the problem did not stop there, the hiring of new employees then created a double breed of employees in the brewery, one is regarded as old blood employees who survived the termination of job contracts, and the other group is new blood employees who are the newly hired employees, to whom, the respondents claim, the company provides preferential treatment.

The following complaints of the employees about fairness and equity are taken from the interview data:

“There is division of employees into old blood and new blood that has its divisive implications on salaries and benefits. This makes it apparently difficult to maintain fairness and equity in the company” (E7).

“This division of employees into old blood and new blood hurt our feeling and motivation. The management has this tendency of replacing old blood employees with new blood employees. That means those of us who have been working here for decades are put aside, and the company wishes to recruit new staff and wants to fill positions with its own-hired new employees” (E8).
Appendices

“There is no fairness and equity. The new blood employees get very high salaries and have rich benefit packages to the extent that we old blood employees feel ashamed of our salary, which also has a psychological impact on us. Here you can find two employees with the same qualification but with a wide salary and benefits gap merely because one is an old blood employee and the other is a new blood employee. This is a serious problem” (E9).

Thus, based on the results above, there is lack of fairness and equity in the company. This is not a responsible corporate behavior towards employees. Proponents of responsible business practices discourage lack of fairness and equity, and it is rather insisted that employees have to be treated fairly and equitably, and discrimination should not rule in the workplace (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

Employees’ evaluation of the attractiveness of the compensation and benefits that they get from the company

In examining the attractiveness of compensation and benefits that the employees get from the company, the employees who participated in the interview indicated that they are not pleased with the salary they get paid by the company; this is particularly true to those employees who are regarded as old blood employees. The respondents confirmed that they feel bad about their salary particularly in comparison to the amount of salary that the company pays to the new blood employees. These respondents disclosed that there is a wide gap between the salaries of new blood employees and the old blood employees. The interviewees maintained that the new blood employees, though they are new comers, get better payment. The respondents reiterated that this is frustrating to see the new blood employees, who joined the company recently, are paid higher salaries and get better benefits based on the global company’s standards, while the old blood employees are still forced to stick to the much lesser previous salary and benefits structure. One respondent shared the following view in this regard:

“How attractive a compensation is, is always a relative term. You have to evaluate it based on various factors. If we compare our salary with other institutions such as government employees, we get better
pay; whereas if we compare it with the salary of a person such as a new blood employee who works with me with the same qualification, my salary is very disappointing. The salary discrimination among two groups of employees within the same company is injurious. I do the same job as another so called new blood employee does, but his salary is twice bigger than mine. This can inform you what I feel about the attractiveness of my salary” (E9).

Further, the interview result indicated that the employees, particularly the old blood employees, keep demanding salary adjustment, but the management did not reply to their requests favorably.

In connection, in assessing the benefit schemes that the company offers its employees, it is disclosed by the respondents that they have benefits that come in different forms such as bonus, transportation, medical coverage, catering service (highly subsidized meals) and holiday gifts of company products three times a year. It is noted that even though the employees consider the benefits to be satisfactory, they still complain that there are still differences in the benefit packages between the old blood and new blood employees; accusing the company providing preferential treatments and better benefits to the new blood employees. One respondent expressed the following:

“The new blood employees are given preferential treatment. Even when the new blood employees leave the company they get paid a very large amount of money under the pretext of service pay, whereas when the company terminated the employment contracts of previous employees upon acquisition, it does not pay satisfactory compensation. We lost the companion of hundreds of our colleagues, who are forced to leave their jobs, and these colleagues got a small amount of compensation when they were reduced from the company, they were paid ten to eleven months’ salary as compensation despite the very long years of service they rendered to the company before the acquisition. These employees who left the company due to contract termination are still jobless, and wander in the town” (E8).

Another employee added:
The new blood employees have better benefits, the benefit packages should be the same to all of us without segregation” (E9).

Moreover, a couple of employees that the researcher contacted from the new blood category, who are generally found to be less willing to participate in the interview, have disclosed that they get attractive salary and benefits from the company; but have complaints over heavy workloads.

Further assessment of the benefits structure of the company based on the interviews with the employees shows that the company provides its employees full medical coverage with twenty four hours health and accident insurance provision, and free medical checkup. Nonetheless, the company does not offer family medical care to the family members of its employees. Moreover, it was found that no child care services are offered to the children of the workers, and women employees with children do not bring their children to work, as there are no separate rooms for nursing mothers to breastfeed their children.

Thus, the above results show that there is a segregation of employees into two groups, in which one group is entitled to preferential treatment in terms of salaries and benefits, while the other group receives inferior salary and benefit packages. However, from CSR perspective, a business is expected to provide equitable pay to all of its employees and it also need to provide appropriate compensation and benefits (Business Roundtable, 2012; Crane, Matten, & Spence, 2008; Porter & Kramer, 2006; Ruggie, 2008).

Employees’ evaluation of the openness of management

In evaluating the views of the employees who participated in the interview regarding the openness of the management to the employees, results show that even though the management is not intimidating, the respondents revealed that it is not open enough to them. The respondents pointed out that the management applies a top down approach, and employees are not consulted for their opinions. The respondents also did not refrain from disclosing that there seems to be no reason for the company management to be open enough particularly to the old blood employees. The following were typical responses:

“Management is not too open to employees, nor is intimidating, that’s how I see the relationship between management and employees, as far as openness is concerned” (E7).
“The management is not open to us; this is what I can say about it. Do you think the management that created a division between old blood and new blood employees, and that still could not address this problem despite a continuous complaints presented to it by the old blood employees be an open one? It is not. An open management is one that hears the complaints and suggestions of its employees and is committed to addressing those complaints. The management here does not do this to us” (E9).

In connection, the respondents were asked how respectful the management was to their grievances and suggestions. The respondents indicated that whenever there are complaints, they try to present the issue to management through the employees’ association. They reported that complaints are mostly submitted to the management via the employees’ association and there are also grievance handling mechanisms and speak up policy. However, the problem is that, the employees believe, the management does not take their complaints seriously. They also indicated that the management makes decisions alone without discussing matters with them. One respondent is quoted for the following:

“We complained a lot of times demanding the management to avoid the discrimination against old blood employees. There is no favorable reaction thus far. This tells you whether or not the management is respectful to our demands” (E9).

Thus, the results above show that that there are major problems in the company with regards to entertaining employees’ suggestions and grievances. The employees are criticizing that the management is not open enough to entertain their grievances/suggestions. Openness of management to its employees in terms of taking their suggestions and grievances seriously is a necessary aspect of responsible business practice. According to Article 129 (3) of the Labor Proclamation of Ethiopia, businesses are required to incorporate grievance handling mechanisms in the collective agreement (FDRE, 2003). Moreover, Ruggie’s “Protect, Respect, and Remedy” framework also indicated the importance of company-based grievance mechanisms to take care of employees’ grievances and suggestions (Ruggie, 2008).

Employees’ evaluation of career opportunities/ prospects in the company
With reference to assessing the career opportunities/prospects in their company, the interview response highlights that there is also discrimination in awarding career promotion to employees due to the division of employees into old blood and new blood employees. The respondents indicated that when there are higher open positions, all the old blood and new blood employees are supposed to apply for such promotion opportunities, and they are expected to take interviews and exams. The interview data however reveal that, often times, the promotion is offered to the new blood employees, and the old blood employees have a slim chance to grab such opportunities. The interview results indicate that the company is more interested to develop the new blood employees and it keeps the old blood employees disqualified from getting promoted based on subjective evaluation criteria. The following was a typical response:

“Even if I know that I have done the written exam well and qualify better than the new blood employee, the management gives the promotion opportunity to the new blood employee, and their reason is usually that we (the old blood) did not do well in the interview/exam. But the reality is – it is not because we did not do well in the interview/exam, but because the management favors the new blood employees. They introduce subjective criteria, and argue that I did not pass the exam/interview because they say I did not meet the subjective criteria. The management uses such subjective criteria to disqualify old blood employees from getting the promotion.” (E8)

The respondents reiterated that the managers thought from the start that the old blood employees would not have future in this new company, and that is why they reduced hundreds of employees, and they feel they will be better off if employees from the old time keep leaving the company. In a related manner, regarding the issue of nurturing employees’ talents, the respondents disclosed that there are training opportunities, and employees get continuous training that is designed to supply them additional skills and knowledge. The respondents informed the researcher that especially since the structure of the jobs has changed following the acquisition, employees ought to take a variety of training. The following was a positive response about training opportunities in the company:

“Yes, the company provides exposure to us (employees) to grow our talent through on-the-job training. That means the job itself is
considered as a way to develop our skills. After the acquisition, I learned that there are better technologies and ways of doing jobs. There is technology, knowledge and skills transfer that helps us get better competence on the job. We also participate in other forms of training given to us by the company.”(E7)

Nevertheless, there are also responses from the employees that the training opportunities are still discriminatory. This perspective upholds that the company provides training opportunities in more proportion to the new blood employees and they even send the new blood employees abroad for training opportunities and experience sharing with the other global offices. The critic says such opportunities are almost barely available to old blood employees. According to the respondents’ views, the company’s focus is on developing its new blood employees; the management wants to retain the new blood employees and it lacks the appetite to nurture the talent of old blood employees. The following is a critical comment given by one of the employees:

“Amusingly, the kinds of training that are given to the old blood employees are mainly to introduce values and ethics. The training for the old blood is not career-oriented. This is mainly because the company is not interested to retain the old blood employees, leave alone preparing us for career development. The new company has a bad impression that the acquisition took place due to poor performance of the previous employees, and they want to replace the entire old blood employees with new blood employees. The management’s impression is full of prejudice, and they feel that the old employees are under performing. They never want to develop the existing, old blood employees” (E8).

Therefore, the results above indicate that there is discrimination over promotion opportunities between the old blood and new blood employees of the company, whereby the company tends to provide better career opportunities to the new blood employees. However, the employees still expect the company to address the discrimination problems that relate to promotion opportunities between the old blood and new blood employees, and to introduce fair and transparent employee development programs in order to provide attractive career
opportunities to all employees without segregation (Bauman & Skitka, 2012; Heslin & Ochoa, 2008).

**Employees’ evaluation of the conduciveness of the working conditions/safety and health**

In examining the conduciveness of the working conditions in terms of safety and health considerations, the interview result with the employees unanimously confirmed that their working environment is very safe and healthy. The respondents asserted that perhaps one of the greatest achievements of the new company is the introduction of the finest safety procedures and practices to the brewery. Their perspective is that a working environment can never be safer; and they disclosed that they receive safety training, there are safety officers who provide the employees necessary support, they get safety equipment and tools, and they are glad to have a very safe working place and they confirmed that there is no tolerance for accidents in the company.

Before the acquisition, accidents were common. Accidents from minor injury to death used to happen in the past. After the acquisition, however, the respondents maintained that safety standards are dramatically transformed, and the company is now considered by the employees as a very safe place to work in. The employees clearly reported that with respect to safety and health standard, the company deserves appreciation. The respondents expressed the following appreciation about safety and health at workplace:

“Safety is really the best; we have safety tools, equipment, safety training; there are safety and health officers who provide us the necessary assistance. Accidents are dramatically reduced after the acquisition; the new ownership has definitely made accidents a rarity. All employees irrespective of the old vs. new division got the best safety protections. No blame goes to the company when it comes to the creation of a safe and healthy working environment, and it is the best” (E8).

“The company is very much concerned about our safety; there is no tolerance to accidents. Employees get necessary safety tools and equipment, and there are safety training to protect yourself and others from accidents” (E7).
“May be one of the greatest achievement of the new company is the introduction of the finest safety procedures and practices. It can never be safer” (E9).

Thus, the results show that safety and health consideration is really remarkable in the company and employees get the necessary safety training, and all the required safety tools and equipment are offered to the employees. It is noted in CSR literature that providing safe and healthy work condition to employees in an important consideration in CSR (Graafland, et al., 2004; McWilliams & Siegel, 2001; Porter & Kramer, 2006).

Employees’ views on the prevalence of any form of discrimination in the company

In investigating whether there is any form of discrimination in their company, the employees indicated that there is an obvious discrimination between employees. They reported that there is a segregation of employees with discriminatory management practices between old blood and new blood groups, whereby the new blood employees are offered preferential treatment. The respondents uphold that the organizational structure itself is discriminating; there is a different salary scale for old blood employees and new blood employees, whereby the new blood employees get much higher pay and better benefits. The respondents affirm that the discrimination is not based on race, religion, gender or other demographic variables, but it is purely based on those hired during pre-acquisition and those hired post acquisition time. One respondent expressed:

“The management considers those employees who have been working since pre acquisition as less competent and less skilled, they have this prejudice and bad impression about us, which is entirely unfounded” (E8).

Another one added:

“We While the new employees who are hired after the acquisition get preferential treatment, the old employees who have been working here before the acquisition are disadvantaged” (E7).

Thus, the study results above show that there is a serious discrimination in the company mainly due to the segregation of employees into two categories, old blood and new blood, with major differences in salaries and benefits. From the viewpoint of responsible corporate
behavior, it is rather expected from a business to ensure that there is no workplace discrimination (Global Compact, 2000; ILO, 1998; Ruggie, 2008).

**Employees’ views on the role of the company in supporting the employees’ association**

In the assessment of the role of the company in supporting the employees’ association, the employees who participated in the interview shared that the management manipulates the leaders of the employees association in order to influence them easily. The respondents expressed their disappointment that the management is systematically taking control of their association by offering tantalizing benefits to the labor leaders so that they are manipulated and influenced by the management unscrupulously. Although this company has respected the employees’ rights to association, which is one of the most basic aspects of responsible business practice in CSR (Global Compact, 2000; ILO, 1998; McWilliams & Siegel, 2001; Ruggie, 2008), the management still meddles with the employees association by manipulating the leaders of the association.

**Employees’ Views on Voluntarism**

With regards to the company’s commitment to encouraging employees to volunteer in other organizations, the employees unanimously indicated that there exists no such culture of voluntarism in their company. A typical response was the following:

“There is no such practice in our company to volunteering in other organizations. Leave alone volunteering in other organizations, we are even too busy with our daily works inside our company. I do not think the company will find us some time to spend outside to volunteer while putting ourselves away from our daily chores here” (E7).

However, with respect to voluntarism, it is indicated in the CSR literature that voluntarism can be one aspect of a business’s CSR commitment to its employees, whereby businesses are expected to encourage their employees to volunteer in other organizations or spend their time to support the local community (Kotler & Lee, 2005; Spiller, 2000; Tsang, et al., 2009).

**Worries that the employees have related to the employment relationship in the company and anticipated improvements**
Finally, the employees were given the opportunity to highlight what worries they have and what aspects in the employment relationship in their company they still find to be in need of improvement. Employees identified the following concerns: The management makes unpredictable decisions overnight, that are totally unexpected and that have never been discussed with employees. The relationship between management and employees is not smooth. Decisions are made by management without getting employees involved or without being considerate of the interest of the employees, that is the management does not take suggestions and feedback from employees as the communication is only top-down.

Alongside their concerns, the respondents have also indicated their anticipation for improvement. They demanded the management to let employees and employee representatives participate in operational and tactical decisions. The employees insisted that they are not well represented in decision-making. As most decisions are made by management alone without participating the employees or their representatives in the decision-making process, the employees claim that this adversely affects their sense of belongingness.

In other words, the employees demanded the management to learn to take inputs, which are suggestions and comments from the employees. They pointed out that the management does not have the culture of taking feedback from the employees; even when there are meetings that involve management and employees, the respondents claim, that the management uses the platform only to communicate messages without letting such platforms be opportunities for discussion and feedback.

Further, the employees requested the management to address all discriminatory practices which have their root from the segregation of employees into old blood and new blood employees. They argue that the company has to create a system of equal employment opportunity as long as employees are competent for a particular job, and the respondents reiterate that this old blood and new blood division is irritating. The following are comments quoted from the employees:

“As long as employees prove to be competent, the management should let promotion opportunities be awarded to old blood employees without prejudice, and let salary and benefit schemes be uniform without a divisive scheme” (E8).
“Stop division between old time employees and new employees, this has negative outcomes morally, psychologically, and income wise. Management should work closer with employees, especially with the old time employees, we the old time employees are not treated closely and in a friendly way unlike how the management behaves towards the new employees. We are all equal, that needs to be addressed. The salary gap between old employees, and that of new employees and the managers should be minimized” (E9).

So, the above results indicate that the major concerns of the employees relate to the discrimination between of employees by segregating them into old blood and new blood employees and lack of management’s commitment to participate employees in decision-making and taking employees’ suggestions. Moreover, it was revealed that the relationship between management and employees is not smooth.

By and large, looking back to the research results with respect to the company’s CSR commitment to employees, the major CSR activities of the company to its employees are that it invests in human capital and develops the capacity of its employees and provides a range of benefits to them. Accordingly, it offers employees training opportunities that help build their capacities. There are several employee benefits provided by the company including medical coverages, catering services, bonuses, and holiday gifts. Further, the company is concerned about employees’ safety and health so that employees undergo intensive safety training and are provided personal protective equipment such as high visibility vests, ear plugs, gloves, safety shoes, and goggles depending upon the nature of their work. In particular to employees’ safety, the managers reiterated that the company has zero tolerance to accidents, and there are safety managers that assist to ensure the working environment is safe to employees.

Nevertheless, there are serious problems that the study uncovered with respect to the company’s CSR commitment with its employees. These worrying problems include: (1) there is lack of fairness and equity among the employees due to the discrimination between the employees under the new blood and old blood divide, that ended up providing a preferred treatment in terms of salary and benefit packages as well as training and promotion opportunities to the new blood employees, which is adversely affecting those employees who are classified as old blood; morally, psychologically, and financially. (2) The management
systematically takes control of the leaders of the employees’ association by providing attractive benefits to those leaders so that the employee leaders get easily influenced by the management. (3) The management makes unpredictable decisions overnight, without getting employees involved or without being considerate of the interest of the employees. (4) The management does not take suggestions and feedback from employees.

1.1.2.4. CSR to local communities

With regard to a business’s CSR to communities, it is asserted that businesses have to be able to interact considerately and stay in good terms with the communities that they work with. It is also necessary to do so for a business because being in good terms with the community has economic incentives in the areas where the business runs its operations and such responsible corporate behavior is considered as a social license to the business to operate in that particular area and community (Ribstein, 2005). Further, CSR commitments that a business would consider towards the local community may range from engaging in community dialogues (Campbell, 2006) to making donations and direct involvement in community projects and affairs (Spiller, 2000), as well as establishing a sound relationships with communities to perform meaningful activities for betterment of communities such as promoting awareness of health, safety and international issues that relate to the specific types of business that the business is engaged in (Besser, 2002; Business Roundtable, 2012).

Accordingly, in examining the CSR practices of the company to the local communities, three major questions were investigated. The first one was what is the company doing in order to contribute to improve the quality of life for communities; the second question was what activities is the company undertaking in promoting awareness of health, safety and international issues related to its respective industry, and the third one was what forms of dialogues does the company practice with community groups in order to establish relationship with communities. In order to further assess the CSR engagements of the company to the communities and to validate the responses of the company managers with respect to the claimed CSR commitments to local communities, in addition to interviews with the company managers and information obtained from the company’s website documentation, the research has also incorporated the views of NGOs, universities (academics), and relevant government offices from the local areas to learn about their perspectives of the CSR commitments of the breweries that they are aware of. So, this part of the analysis presents the investigation of the CSR commitment of the company to the local
Appendices

Communities based on the information obtained from the company’s management and the company’s website documentation. The interview analysis of the NGOs, academics, and government authorities on the CSR practices and concerns of the brewery sector is highlighted in Appendix 9.

The remaining parts of this section present the company’s perspectives on CSR to local communities from the viewpoints of the company’s commitments to contribute to improve the quality of life for communities, activities that the company undertakes in promoting awareness of health, safety and international issues related to its respective industry, and on whether the company holds dialogues with community groups in order to establish meaningful relationship with communities.

The company’s commitments to contribute to improve the quality of life for communities

In exploring the CSR practices of the local operating company to its respective local communities, the study found that reaching out to the local communities is one of the major areas of the company’s CSR commitment in the local setting – supporting local communities. This aspect of the company’s CSR engagement is entirely devoted to undertake community centered CSR activities, which focus on equipping people with skills and resources to build better future for themselves. The local sourcing project that supports farmers, support for local communities such as employment opportunities, scholarship programs, working on road safety in the local area, and projects on creating access to clean water and sanitation facilities are also found to be the major types of CSR initiatives that the company undertakes to improve the quality of life for communities.

Under the program that is designed to source locally, it is indicated that the company works with over 6000 farmers to locally source barley from within Ethiopia, and the company claims that it is so proud of this program because this program creates a package that benefits local barley farmers. The company maintains that it offers the farmers agronomical support, technical assistance, agricultural training, and business advice by coordinating its efforts with its partner NGOs. The package also includes improved quality seeds, fertilizers, other chemicals and pesticides that the farmers need. On top of this it is disclosed that these all packages that provide improved quality seeds, fertilizers, and other chemicals are given to the farmers on a credit basis. The company claims that this approach is new for the local farmers,
as farmers usually have no access to credit in the local context. In other words, it is indicated that this local sourcing program is a scalable project with the purpose of improving the incomes of the smallholder farmers. The company claims to do this local sourcing program in a socially inclusive and environmentally sustainable way. Further, this scheme of sourcing locally is vital in establishing a market link for the farmers, and the company upholds that it pays its farmers premium prices (there is more on this in an upcoming section that covers CSR to the farmers).

Under the support for communities, the company claims to have high regard to the local area that is kind enough to host its business, and it believes it has a mutual relationship with the locals as a lot of its employees come from that particular town and there are a lot of people who rely on the brewery, and it is a source of pride to the community. In view of this the company seeks to give back to the host community. One way it does so is through a scholarship program that provides scholarship opportunities for disadvantaged students, who would not have been able to afford to go to a university unless the company was paying for their studies and living expenses. Moreover, the study found that the company works towards improve road safety in the local area. Accordingly, towards this goal, the company works closely with the local administration police and supports the activities of the police.

Further, the water balancing strategy that the company implements accounts for community based activities such as providing access to clean water and sanitation facilities for vulnerable communities in different parts of the country. In line with this strategy, it is disclosed that, thus far the company has reached out to thousands of beneficiaries. This water balancing strategy is what the company does to compensate/make up for its water consumption by performing those mentioned activities along with the waste water treatment activities to ensure that the released waste water is safe when it exits the company.

Thus, the above results indicate that the company undertakes a number of CSR practices to the local communities ranging from creating employment opportunities for the locals to scholarship programs for disadvantaged local students as well creating access to clean water and sanitation facilities to poor communities in various parts of the country.

Activities the company is undertaking in promoting awareness of health, safety and international issues related to its respective industry
Regarding the CSR activities that the company performs in line with promoting awareness of health and safety issues related to its respective industry, it is disclosed that the company is committed to promoting responsible consumption and even educate the public the risk of drunk driving. It also provides driving classes for its sales people that educate them to focus on saving lives, time, and money, in spite of the circumstances around them and the actions of other drivers and people.

More specifically, along with one of the CSR focus areas of the local operating company, which is promoting responsible consumption, the company claims to have been doing whatever it can to create a more positive role by taking a responsibility to make sure that people consume alcoholic products in such a way that it is responsible, it is safe, and does not have these negative impacts. In addition, it is maintained that the company works closely with major outlets to educate their bar tenders and servers not to serve alcohol to people who are underage. It is noted that the company considers such activities of promoting responsible consumption as a very valuable public awareness program, and it is hoped that together with this, more enforcement of legal drinking limits will be enforced in the country.

**On dialogues that the company undertakes with community groups in order to establish relationship with communities**

When it comes to the question of whether the company takes up dialogues with community groups, the study found that the company holds dialogues with stakeholders such as with farmers, local community members, community elders, and other different stakeholders on topics of mutual interest. It is reiterated that it is very important for the company to have dialogue with its stakeholders because that is a viable channel to get feedback from farmers, community members and other stakeholders that it works with.

In brief, based on the above analysis, it can be summarized that the CSR commitments that the company undertakes towards the local communities include: the sourcing locally scheme, which provides assistance to local barley farmers to have farming inputs, agronomical support, business advice, access to market, and premium prices; support for host communities such as creating employment opportunities for locals and scholarship programs that support disadvantaged local students to take up their tertiary education; working on road safety in the local area to strengthen road safety; running projects to create access to clean water and sanitation facilities for vulnerable communities. Moreover, the company undertakes activities
that promote responsible consumption. Further, it is reported that the company works closely with major outlets to educate their bar tenders and servers not to serve alcohol to people who are underage. Finally, it was learned from the interview analysis that the company engages in dialogues with communities including farmers and the local community on issues of mutual interest, and the company considers such dialogues to be useful to get feedback from its stakeholders. Literature suggests that engaging with communities is one of the characteristics of responsible business behavior. And such socially responsible companies may promote awareness of health and safety issues that relate to the specific types of business that they are engaged in and participate in community-based dialogues to understand the community better and help address problems that they encounter, and doing this is useful for the company to sustain its license to operate (Business Roundtable, 2012; Campbell, 2006; Goodman, et al., 2011).

1.1.2.5. CSR to customers

Customers are also one of a business’s stakeholders, who deserve the attention of a business in its socially responsible business practices. Accordingly, businesses are expected to ensure the quality of products they produce, educate and engage customers, create awareness about reducing the environmental cost of product use, try to instill positive behavior in consumption through consumer information availability and truthful advertising (Bokhodir & Iroda, 2010; Porter & Kramer, 2006; Spiller, 2000).

Given that, in assessing the company’s CSR practices to customers, the interview questions presented to the company managers included what specific customer-oriented CSR activities the company undertakes, what efforts or programs are in place to increase consumer information availability, how committed the company is to render truthful advertising and address issue of advertising to children, and educating customers to reduce the environmental cost of using the company products. The next paragraphs highlight the findings of the study based on the interview responses with the company managers.

Customer-oriented CSR practices that the company undertakes

With regards to the customer-oriented CSR activities, the study found that the company has a CSR focus area, which is called promoting responsible consumption that is mainly designed to address issues related to alcohol consumption. It was revealed in the interviews that since alcohol is a very special product that interferes with health and safety, the company urges that
it needs to be consumed responsibly. As a result, it is disclosed that since the business of this company involves making and distributing alcohol products and it admits that it has a responsibility to make sure that people consume it in such a way that it is responsible, it is safe, and it does not have negative impacts. In other words, it is disclosed that the company is committed to promote responsible consumption among its customers. Moreover, it is reported that the company provides honest information about its products to its customers, and also has alcohol policy to its employees that helps illustrate to others that it is not allowed to drink while at work. Further, it is noted that the company works closely with major outlets to educate their bar tenders and servers not to serve alcohol to people who are underage.

**Efforts/program to increase consumer information availability**

Related to the efforts that the company undertakes to increase consumer information availability, the interview data reveals that there is general information provided in the labels tagged on the company products, and apart from that it is disclosed that there are commercial adverts that the company does on TV, radio, newspapers, and posters. As much as possible such advertisements explain the functional benefits of the product, its ingredients, and advantages/benefits of consuming the company’s product. Moreover, it is maintained that there are a number of sales forces that travel from door to door to promote the company’s products, and while doing so the sales force are supposed to provide the necessary information to customers.

**On the company’s commitment to truthful advertising and advertising to children**

Concerning the company’s commitment to truthful advertising and issues of advertising to children, the study found that one of the company’s values is to be trustworthy to the public, and as a result the company considers honesty as vital, including in its commercials. It is also disclosed that the company is concerned about the impact of advertising on children, and in view of this it claims that it promotes consumption for persons above the age of 18, and the posters and billboard advertisements that the company does are monitored to make sure that such are not displayed near schools or where children stay. In other words, it is maintained that the company does its advertising with the intention of providing honest and useful information to its customers, and it claims that its commercials are mainly designed to provide better information to customers. In order to address the issue of advertising to children, the company claims that it does not do promotions near schools, and it monitors that
children do not get access to the company’s promotion tools such as t-shirts and huts, and sale of its products to persons under the age of 18 is prohibited.

**On educating customers to reduce the environmental cost of using the company’s product**

Pertaining to educating customers to reduce the environmental cost of using the company’s products, it is disclosed that the company’s product does not cause serious environmental pollution, and it is also upheld that the company’s sales people work closely with major outlets to educate them how to deal with the corks, bottles, and boxes. It is maintained that the corks and the boxes are recyclable, and the bottles are reusable and are worth money.

In sum, the findings above indicate that the company’s CSR activities to customers include taking the responsibility to promote responsible consumption of alcohol so that the company’s products could be consumed responsibly and safely. Moreover, the company upholds that its commercials are honest and as a responsible company it is also concerned about the impact of advertising on children and takes measures to reduce the impact of its advertisements on children; as part of the company’s effort to increase consumer information availability, the company uses media advertisement as part of information communication. Further, in line with the environmental cost of using the company’s product, it is noted that the bottles that the company uses to distribute its products are reusable and recyclable.

According to the literature, businesses have a responsibility to commit themselves to instill positive behavior in consumption through consumer information availability and truthful advertising (Porter & Kramer, 2006; Spiller, 2000). Doing this also relates to serving the “customers right to know and to choose” (Hong & Xiaoli, 2010, p. 526). Nonetheless, interview results from NGOs, government authorities and the academia criticize the brewery sector for its poor consumer information availability, such as poor labels and insufficient information about the product as well as aggressive and tempting advertising that is indiscriminate of the age of the audience, and that entice the youth for more consumption. Moreover, these critics underscore that the brewery sector is not doing enough to promote responsible alcohol consumption.

**1.1.2.6. CSR to farmers (suppliers)**

Suppliers are one of the stakeholders of businesses that deserve a fair share of CSR commitment (Argandoña & von Weltzien Hoivik, 2009). In the brewery sector, the most
important ingredient for the production of beer is malt barley. In the local context, the breweries get part of the barley they need from small-scale, local malt barley farmers. Thus, this specific section is dedicated to see the results of the study in relation to the types of CSR responsibilities that the case company is taking towards the farmers in the local setting.

Accordingly, it is indicated in CSR literature that businesses are supposed to work with local suppliers (farmers), source inputs from the disadvantaged, small-scale farmers, pay them fair prices, and establish lasting relationships (Spiller, 2000; Sprinkle & Maines, 2010) and a business may also extend support to the farmers in terms of enhancing their productivity and welfare, and assisting them in optimizing transportation and packaging tasks (Heslin & Ochoa, 2008). In view of this, this section looks at the interview analysis of the company’s CSR commitments to local farmers with respect to the farmer-oriented CSR practices that the brewery performs to enhance farmers’ productivity and welfare, and efforts that the company employs to assist the farmers on the off-farming activities such as transportation and packaging. The analysis in this section is mainly based on the interview response of the company managers. The interview result with the farmers that work with the respective company is presented in Appendix 9.

**On farmer-oriented CSR practices that the company performs to enhance farmers’ productivity and welfare**

Regarding the farmer-oriented CSR activities that the company performs to enhance farmers’ productivity and welfare, it is found out that the company has a program that is designed to source locally with the goal of sourcing all its malt barley from local sources. With this goal in mind, the company is running a comprehensive program in the major barley growing regions of the country by employing contractual relationship with small-scale malt barley farmers. The company provides all the necessary support for these farmers. It is identified that the company currently works with more than 6000 farmers, and it provides these farmers a full package assistance that includes access to credit, supplying improved quality seeds, fertilizer, and other chemicals. Moreover, the farmers get a complete training on agricultural practices to prepare the land, how to plant seeds such as on row planting, and also there is training and advice on the use of fertilizers, pesticides and herbicides. It is also maintained that the company provides the farmers with a purchasing guarantee for their harvest. The brewery thus represents a secure market for the farmers. Further, the brewery pays the farmers premium prices for the barley they have grown, and there are assigned business
advisors that are determined to help the farmers improve the quantity and quality of the malt barley in order to get an increased income in one hand and to deliver the required quality of malt barley to the company on the other. The company claims that this barley development program also has a benefit to save the country’s foreign currency; and this will eventually serve the government’s import substitution model.

**On what the company does to optimize transportation with the farmers**

In line with what the company is doing to optimize transportation with the farmers, it is discovered that the farmers are expected to deliver the barley to their respective cooperatives, then company vehicles transport the barley to the desired location for further processing. In other words, in the local context the overall practice is that farmers have to find ways themselves to transport their harvest to the market, and transporting harvests to the market is one of the greatest challenges to local farmers. Given this reality, even though this company does not provide transportation by reaching deep into the farmers villages, it coordinates transportation with the farmers to collect their harvest from their respective cooperatives.

**Efforts that the company employs to assist the farmers to reduce packaging costs**

Concerning the efforts the company employs to assist the farmers in packaging activities; it is found out that the company distributes durable sacks with company logos to the farmers for free, and it also uses such sacks to contain and transport the barley from the cooperative centers to farther destination.

In brief, it is noted that in response to improving the productivity of the local farmers and to get quality barley from the local source, the company supports the local small-scale barley farmers in a number of ways. It gives them access to credit to buy inputs for their farming activities; it provides them with improved quality seeds, agronomical support, training, and business advice that helps improve their productivity and business orientation. In such a fashion, the company entered into contractual relationships with thousands of farmers. Further, the company also assists the farmers in the off the farm activities such as by distributing durable sacks to the farmers to contain their harvest, and there are transportation facilities arranged by the brewery to collect the barley from the farmers’ cooperatives. It was indicated in the theoretical foundations that building relationships with suppliers that businesses are eager to have and particularly using local suppliers/farmers and extending the necessary support they need by implementing contract farming is one way of discharging a
Appendices

business’s social responsibility (Eaton & Shepherd, 2001; Freeman, et al., 2004; Spiller, 2000), and “buying locally from smallholders may be part of a company’s socially responsible strategy and becomes an advertising slogan in the highly competitive environment in which it operates” (Vorley, et al., 2009, p. 193). However, the interview result with the farmers that work with this company shared that they have some concerns such as there were past tendencies that the brewery discontinued its support after one round of working with other fellow farmers; unmet promises such as the company’s promise to open school for the locals did not materialize, and the company is not caring enough for the environment and the community compared with what it was used to be before the acquisition. The interview with the farmers also contained further complaints such as the recent incident that killed a number of livestock due to the waste release of the brewery that contaminated the nearby river, and unfair termination of hundreds of jobs of locals by the company following the acquisition.

1.1.2.7. CSR to the environment

The environment represents one of the societal stakeholders of a business (Werther & Chandler, 2010) and with respect to CSR to the environment, businesses are expected to undertake activities that are tailored towards protecting and nurturing the environment, making company operations environment friendly, waste management, pollution control and recycling (Crane, Matten, & Spence, 2008; Kinder, 1998; Spiller, 2000). In reviewing the company’s CSR to the environment, the questions raised in the interview include what are the major CSR activities that the company is undertaking in protecting the environment, efforts that the company uses to conserve water resources (because breweries are thought to have high water consumption), and the mechanisms that the company applies to manage waste.

CSR practices that the company is undertaking in protecting the environment

With reference to the CSR activities that the company engages in protecting the environment and reducing its environmental footprint, it is found that the company uses stream water, and as water is one of the major resources in its production process, it is discharging its responsibility to protect the water sheds by planting trees around the sources of the water supply. More importantly, it is noted that the company has modern waste water treatment plants that treat the waste water releases of the company. Further, it is disclosed that in terms of the environment, once a year the company has a designated day, when local community
members and employees come together to plant trees to give back to the environment. Moreover, there is also another designated day annually, when the company’s employees and communities come together, and go around with the community outside of the brewery to pick up trash, in order to beautify the surrounding community.

**On efforts that the company applies to conserve water resources**

With respect to water use and water conservation efforts, it was uncovered that the company does its best to use water efficiently and it even recycles water for cleaning and other purposes. Further, it is discovered that as part of the global company’s effort to achieve water efficiency in the areas that it operates, the brewery seeks to reduce water use by half through water efficiency in the near future, and it currently returns all of its waste water into the environment after passing through certain waste treatment process. The company claims that the released treated waste is completely safe when it exits the brewery.

**On the mechanisms that the company applies to convert waste to other use**

Regarding the mechanisms that the company uses to convert waste to any other use, it is disclosed that there is spent grain that is used for cattle feed in the local community. Moreover, the brewery also generates bio-fuel for cooking purposes.

To sum up, in terms of the environment, the findings indicate that the company uses waste water treatment plant to treat the waste water before it exits the brewery so that the waste release is safe. In addition, it is found that the company takes part in tree planting and cleaning activities together with the community. Further, it is reported that the company is doing its best to use water efficiently and aspires to reduce water use by half. Moreover, it is maintained that the company’s byproducts such as spent grain are distributed to the local community for cattle feed. As indicated in the beginning of this section, protecting the environment is one of the prime responsibilities of CSR, and CSR literature suggests that engaging in such forms of environmental protection practices is a useful aspect of environmentally responsible business behavior (Russo & Tencati, 2009; Sen & Bhattacharya, 2001). Nonetheless, results of the research drawn from the interviews with the government authorities, NGOs and the academic indicate that the brewery sector lacks a robust commitment to nurturing the environment.

**1.1.3. Why does the company perform CSR?**
Research question 2 – Why are the companies doing CSR? Case #3

While the previous section outlined the CSR practices that the company engaged in, this particular section highlights why the company is engaged in CSR. This is done to answer the second research question that explores why the breweries are engaged in CSR. For the interest of providing detailed answer to the question of why the company engages in CSR, it is evident to present the finding in line with the CSR sources identified in the theoretical foundations: CSR and Marketing strategy (the business case for CSR), CSR and Governance, CSR and Company Values, CSR and public pressures and expectations, CSR and the Law, & CSR and Stakeholders. However, with respect to the dimensions of internal stakeholders and external stakeholders, it is worth indicating at the outset that the company managers opted to provide a general response why they engage in CSR from the stakeholders’ perspective instead of segregating between internal and external stakeholders to provide the bigger picture regarding why they do CSR from stakeholder’s perspective. Therefore, the results which relate to internal and external stakeholders are combined together under the topic - ‘CSR and stakeholders’ throughout the analysis.

1.1.3.1. CSR and marketing

This section presents why the case company engages in CSR from the viewpoint of the business case for CSR. In other words, it outlines the findings of the study with respect to Why does the company undertake CSR from a CSR and marketing perspective.

Accordingly, in examining why the company engages in CSR, in line with CSR and Marketing, the interview result with the company managers reveals that the company undertakes CSR activities because CSR is basically a tool to creating a shared value and because CSR has commercial and reputational benefits, and is an approach to contribute to various aspects of life. It is also stated that being socially responsible is part of the moral duty of the company and beyond that CSR engagement has marketing contribution in terms of building up the goodwill and image of the company.

Moreover, in doing so, it is reiterated that the parent company encourages the local operating firm to engage in CSR activities. The interview result shows that the three areas of the local company’s CSR activities (promoting responsible consumption, supporting communities, and protecting the environment) as well as the overall CSR philosophy of the company to create shared value are part of the parent company’s CSR values, that are guiding and governing the
way the local operating company undertakes the local level sustainability and responsibility activities. The interview result confirms that the parent company has a lot to do with what the local operating firm performs in the local setting in terms of sustainability and responsibility. However, it is noted in the interview that the way those local CSR areas and philosophy take shape depends on the local conditions; because conditions and circumstances are very different across countries and locations. Therefore, the respondents affirmed that they have the CSR framework and it is flexible to deliver for the local needs.

Overall, the findings above indicate that the basic reason why the company performs CSR in the local context from the perspective of the business case for CSR is to create shared value. Moreover, it is stated that CSR has achieved commercial and reputational benefits to the company. Therefore, the findings indicate that the company indeed has a convincing reason why it has to engage in CSR from the marketing perspective. This is in line with what Carroll and Shabana (2010) and Vogel (2006) asserted that there is a business case to engage in CSR. Moreover, what the company has achieved due to CSR, including commercial and reputational benefits, is in line with what CSR literature suggests to be some of the reasons for doing CSR (Beardsell, 2008; Kurucz, et al., 2008; Porter & Kramer, 2006; Zadek, 2000).

1.1.3.2. CSR and governance

In exploring why the company engages in CSR from the angle of CSR and governance, the interview result with the company managers asserts that CSR is part of the company’s overall strategy; that is CSR is integrated in the company’s governance structure and top management is committed to CSR in the local operating company as well as the global company level. As such it is reiterated that CSR is part of the company’s strategy and there are various CSR policies and codes of conduct that guide companywide responsible behavior. It is reported that managers and employees are supposed to consult such policies and codes of conduct towards sustainability and responsibility. Moreover, the CSR areas in the local context are well-defined, which are promoting responsible consumption, supporting communities, and protecting the environment; and there is a designated department in the company that is responsible to plan and implement CSR activities. Further, it is noted that there are annual surveys that the company undertake in order to assess the extent to which employees own and embed the company’s values in their day today activities; and the results of the value survey are utilized to plan better CSR engagements, and CSR developments are also communicated to all members of the company through internal communications. In
connection, it is reiterated that the company values, policies, and codes of conduct clearly reflect the CSR directions of the company, and serve as CSR sources.

Moreover, regarding CSR reporting, it is disclosed that the local operating company tends to do press releases and media events, and it also shares with government partners what is going on with respect to its business activities including those CSR engagements. Every year, it also submits a report to the Ethiopian Post Privatization and Public Enterprises Supervising Agency (EPPSA) on such subjects as its investments on the brewery, people, the community, and the environment. More so, it is indicated that at the global level, there are annual sustainability reports and financial reports, part of these reports mention the local developments.

Thus, the results above show that the local operating company’s CSR engagements depend on the global (parent) company’s CSR framework but adopted/interpreted into local CSR areas based on the needs of the local setting. This is to say there are defined CSR priority areas for the local operating company based on the global (parent) company’s CSR framework. These CSR areas, which are taken from the parent company’s CSR framework but are adapted to fit local needs and demands, contain three areas including promoting responsible consumption, supporting communities, and protecting the environment. Moreover, there are a number of CSR policies and codes of conduct to observe by managers and employees. The company’s vision is also said to reflect the CSR directions of the company, which focus on creating shared value. These are confirmed to be another source of CSR for the company in the local context. Further, in terms of reporting CSR goals and performance in the local setting, even though the local operating company does not issue local level CSR reports. It is expressed that it tends to do press releases and media events, and it also shares with government partners what is going on with respect to its CSR engagements. This is in addition to the annual CSR reports and financial reports that the parent company issues globally. Moreover, the company also submits annual report to Ethiopian Post Privatization and Public Enterprises Supervising Agency (EPPSA) on its investments on its plants, people, the community, and the environment. So, the study shows that CSR is integrated in the governance mechanism of the company. In this regard, CSR authors uphold that in order to act responsibly, businesses have to integrate CSR in their governance structures such as through CSR policies (Beltratti, 2005; Shahin & Zairi, 2007; Spitzeck, 2009). Moreover, CSR reporting is considered as an important aspect to
communicate the CSR engagements of a business and to fulfill its responsibility in how it accounts for its CSR (Kolk, 2008; Whetten, et al., 2002).

1.1.3.3. CSR and company values

In assessing why the company engages in CSR from the perspective of CSR and company values, it was found that the company’s CSR philosophy, which is creating shared value, is the essential guide to the CSR engagement of the company. The interviews with the managers further indicated that the company’s CSR values are basically based on the notion of creating a shared value; and it is explained that when the company does create shared value, it does not mean to just to give something for free, but its CSR value emphasizes mutual benefit based on mutual incentives to make certain situations work.

In addition, specific to the question of the societal and ethical obligations that the company discharges to build a better society by assuming responsibilities that go beyond limited legal and economic obligations, it is disclosed that as part of its CSR value creation philosophy, the company works to be a very positive community member that contributes to all aspects of life.

In sum, the CSR value of the company, which is creating shared value based on mutual benefits and mutual incentives, is the leading source of the companies CSR commitment. Further, in order to meet its societal and ethical obligations that go beyond limited legal and economic obligations, it is disclosed that the company works to be a very positive community member that contributes to various aspects of life in the local market. From the perspective of CSR and values, literature suggests that integrating ethical values in management decisions is necessary because such ethical values provide a greater bastion for responsible business behavior (Crook, 2005; Maon, et al., 2010; Vives, 2008).

1.1.3.4. CSR and public pressures & expectations

In exploring why the company engages in CSR from the perspectives of public pressures and expectations, the interview questions focused on identifying whether there are pressures (from NGOs/civic society campaigners, trade unions, and the media) upon the company in the local context demanding for (more) CSR commitments and what international CSR initiatives/tools the company applies. Accordingly, it was revealed that the company is mainly implementing its CSR activities based on self-initiative. However, it is reiterated in the interview response that as a matter of fact everyone wants the company to do more and
the company states that it also wants to do more. Nonetheless, it is disclosed that there are no organized or strong pressures in the local setting that calls for (more) CSR. The managers disclosed that their company performs CSR based on self-initiative; and for the time being the company wants to focus on doing a few things very well, and it insisted that this is why it is focused on three CSR areas in the local setting (promoting responsible consumption, supporting communities, and protecting the environment). In other words, for the most part, the company maintains that it does those CSR activities based on self-initiative, but it appreciates that it still likes to hear what people need in the local setting.

Regarding international CSR pressures or initiatives that the company strives to apply, it is disclosed that there are various international initiatives that the company aspires to implement such as those related to responsible alcohol consumption. For instance, it is stated that the company is proud to be the first company in Ethiopia to promote responsible drinking, in print media as well as audio and visual media. It is maintained that as the company is part of the alcohol industry, it produces alcoholic drinks, and it accepts that it has the responsibility to promote responsible drinking. The company is working diligently to promote the very idea that persons under the age of 18 should not drink. It is not only promoting an age limit, but it also promotes the idea that people have to drink responsibly. Further, it is stated that in all the company’s advertisements these ideas are presented clearly; the company claims to clearly and audibly communicate responsibility messages. Moreover, it is maintained that in the sales promotion campaigns that the company undertakes, the sales people go to major outlets and exert the maximum effort to educate the bar tenders and customers they find there about responsible consumption.

Further, it is indicated that there are a number of international initiatives that the company observes, and it reiterates that it is a pioneer in introducing international CSR principles such as those that relate to promoting responsible consumption of alcohol, sourcing locally working with local farmers and many more initiatives. Review of company documents indicate that the company is a signatory to a number of external codes and charters that reflect its CSR values such the UN Global Compact and CEO Water Mandate. Thus, despite the lack of organized pressure for (more) CSR in the local context, the commitment of the company to apply international CSR frameworks or initiatives is part of the reason why the company engages in CSR from the perspective of public pressures and expectations. That is, those international CSR frameworks or initiatives that the company observes serve as a CSR
source. CSR literature indicates that international CSR frameworks or initiatives) influence businesses to consider socially responsible behavior (Ribstein, 2005; Ward, 2004).

1.1.3.5. CSR and the Law

Regarding the question of what national law requirements the company has to comply with regarding CSR, to assess whether the law (domestic laws and regulations) is one source of CSR for the company, the interview responses asserted that there is not a direct national CSR law in the country and the company carries out its CSR practices mostly based on self-initiative. However, despite lack of a direct CSR law at national level, it is indicated that there are national environmental laws and labor laws to abide by, along with the company’s values, policies and codes of conducts to sustainably undertake its business operation. In other words, the company values and business and marketing codes of conduct are considered as mechanisms to self-regulate.

Finally, with respect to the question of the company’s participation in public policy dialogue, the interview results revealed that there aren’t too many opportunities where companies from the private sector are invited to do so in the local setting. The interview responses indicate that this is something growing and the company does seek to be involved in public policy decisions by keeping close relationships with government offices.

Accordingly, the study results reveal that there exists no direct CSR law at national level to follow by businesses and this particular company depends on its self-initiative to undertake its CSR activities. It is also noted that the company has well-developed CSR policies and codes of conduct for self-regulation as part of its internal governance mechanisms (indicated in the CSR and governance discussion above). However, even though the company wants to take part in public policy dialogues as a big company, the opportunities are slim in the local context. So, from the viewpoint of the law (domestic CSR laws requirements) in the local context, there is not a direct CSR law or guideline that requires businesses in the country to do some type of CSR. Laws are not a reason why the company embarks on CSR in the local context.

1.1. 3.6. CSR and stakeholders

The details of what types of CSR practices the company performs to its various stakeholders including shareholders(owners), employees, local communities, customers, farmers and the environment was explained in the earlier sections of this part, which addressed the first
research question of the study, i.e. what CSR practices does the company undertake. Meanwhile, while investigating the stakeholders as one of the sources (drivers) of the company’s CSR, the question in focus is why does the company engage in CSR from the stakeholders’ perspective? As indicated in the start of this part, the company managers opted to provide a general response as to why they engage in CSR from the overall stakeholders’ perspective, instead of segregating between internal and external stakeholders to provide the bigger picture of why they do CSR from stakeholder’s perspective. Therefore, the result which relates to the question of why the company engages in CSR from the perspectives of CSR and stakeholders, both internal and external stakeholders is combined together under one topic - CSR and stakeholders, in this analysis.

Accordingly, the results show that in terms of why this particular company engages in CSR from a stakeholders’ perspective, the managers shared that stakeholders are one of the reasons why the company engages in CSR. Is the company is committed to do CSR to its various stakeholders because it has to be responsive to the demands and interests of the stakeholders, and create mutual benefits for the company and the stakeholders based on mutual incentives. Responsiveness to stakeholders is identified as one of the major reasons why the company engages in CSR.

In connection, with the aim to better understand the interests and demands of its stakeholders, it is disclosed that the company profiles its stakeholders into internal stakeholders such as employees, and external stakeholders including customers, farmers, communities, NGOs, the government and others with whom it has relationships. Moreover, it is indicated that these stakeholders are all important and should be accommodated as much as possible. The company equally treats all its stakeholder groups depending upon the situation. Nonetheless, it is maintained that among its all stakeholders, customers have the most influence on the company, and as a result it focuses on customers. Also, it is noted that its suppliers such as farmers are also important to smoothly run the business, so it also insists that it gives due consideration to them. Moreover, it is indicated that the government is also one of the major stakeholders. So depending upon the situation, the company claims, it carefully accounts for the interest of all stakeholders as they are all important. Further, it is disclosed that the company engages in discussions and dialogues with a range of stakeholders on issues of mutual interest that bring about mutual benefits, based on mutual incentives.
In brief, the above results show that responsiveness to stakeholders for mutual interest based on mutual incentives is one of the reasons why the company embarks on CSR practices. In effect, in order to reinforce its responsiveness to stakeholders, the study findings show that the company categorizes its stakeholders into two groups: internal stakeholders (employees) and external stakeholders (customers, farmers, communities, NGOs, government and others), and it engages in stakeholder dialogues with its both groups of stakeholders to better understand and respond to their needs and interests. It is indicated in the CSR literature that in this modern day, businesses are expected to demonstrate responsible attention to stakeholders’ interests, in order to strengthen their relationships with stakeholders with the goal of minimizing conflicts and maximizing the loyalty of the stakeholders (Ali, et al., 2010; Millon, 2010). Moreover, engaging in dialogues with stakeholders is an aspect of CSR which helps businesses better address stakeholders’ interests by developing relationships with them (Albareda, et al., 2007; Payne & Calton, 2004).

1.1.4. Benefits and barriers of implementing CSR in the local Context

Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #3

As part of the level I analysis, the previous two sections provided answers to the first and the second research questions of the study, given the case company under the analysis. To wind up this level of analysis, there is one more research question that needs to be addressed, which is about exploring what the company upholds to be the benefits and barriers of implementing CSR in the local context.

With respect to the benefits that the company earned due to the implementation of CSR in the local setting, it is maintained that it brings about mutual benefit to the company and the community, and it has also earned the company commercial and reputational benefits. Meanwhile, in assessing what the company supposes to be the barriers in implementing its CSR programs and practices in the local context, it is indicated in the interview responses that some of the challenges the company faces include that corporate social responsibility is new in the local setting, and when the company tries to work with partners, it is particularly hard for the partners to understand what is in it for them. The managers claim that this problem is due to a lack of awareness about CSR in the local context. The other barrier/challenge that is identified by the company is that there are a lot of requests for support due to the numerous...
social problems that exist in the local context, whereas the company indicated that it is not able to solve all of these.

As a result, the findings uncover that the benefits of implementing CSR for the company in the local setting are commercial and reputational. This is in line with the idea that CSR has positive effects on company’s profitability, image and reputation (Burke & Logsdon, 1996; Kurucz, et al., 2008; Weber, 2008). Nonetheless, there are barriers involved in the implementation of CSR in the local context. The company identified the barriers/challenges as mainly related to the lack of awareness about CSR in the local context and the presence of numerous social problems.
1.2. Level II – The International Company’s CSR Ambitions and Goals: Case #3

In this level of analysis three major aspects will be investigated with respect to the case company under the analysis. (1) The analysis begins with identifying the CSR ambitions and goals of the parent company. In so doing, the major CSR goals of the parent company are identified mainly based on the company’s document review. This is undertaken with the prime purpose of answering the fourth research question of the study: How are the international CSR strategies (and ambitions) of the international companies implemented in the local context? Then (2) the analysis displays results on how those ambitions and goals are implemented locally (i.e. in line with the issue of whether there is autonomy or not); the information for this comes from the document studies (websites and company reports) as well as interview data set. Finally this second level of analysis comes to a conclusion by presenting (3) the results regarding how/to what extent these CSR ambitions/goals are implemented locally in the Ethiopian subsidiary. The information for this mainly comes from interview responses of the company managers and from company documents.

1.2.1. The CSR ambitions and goals of the international company

As highlighted in the global (parent) company’s documents, the CSR priority areas of Case #3 include promoting responsible consumption; protecting water resources, reducing carbon emissions and waste management; supporting local communities; ensuring workplace safety and health to employees; and sourcing sustainably from local sources. However, the interview result with the company managers asserted that the local operating company focuses on three CSR areas in the local context including promoting responsible consumption, supporting local communities, and protecting the environment. The next section explains the results on how these international CSR ambitions/goals are implemented locally.

1.2.2. Results on how the international CSR ambitions and goals are implemented locally – Case #3

Research question 4 – How are the international CSR strategies (and ambitions) of the international companies implemented in the LDC context? Case #3

As indicated above, there are six CSR ambitions that are identified by the parent company. However, the interview data with the local operating company affirm that there are three CSR areas that are currently implemented in the local context based on the local needs. These are
promoting responsible consumption, supporting communities, and protecting the environment. The study result shows that these local CSR areas are developed flexibly, based on the overall CSR frameworks of the global (parent) company. The text below outlines these three CSR areas of the local operating company, which the local operating company executes flexibly in response to the existing needs in the local setting.

The first CSR area of the company in the local context is promoting responsible consumption. This aspect of the company’s CSR engagement focuses on advocating the responsible consumption of alcohol. In this regard, it is disclosed that the company is committed to promoting and advocating responsible alcohol consumption and even educating the public regarding the risks of drunk driving. Additionally, it is maintained that the company works closely with major outlets to educate their bar tenders and servers not to serve alcohol to persons who are under the age of 18.

The second CSR area of the company, which is supporting local communities, is all about equipping people with skills, and resources to build better future for themselves. The company’s activities to source inputs locally, support for host communities such as employment opportunities, scholarship programs, and working on road safety in the local areas, as well as projects on creating access to clean water and sanitation facilities are described by the company as part of its CSR activities that are designed to improve the quality of life for communities.

In its attempt to source locally, it is indicated that the company works with over 6000 farmers to locally source barley from within Ethiopia, and the company claims that it is so proud of this program because this program creates a package that benefits local barley farmers. As such, this program trains farmers on best practices, on planting, and row planting. Moreover, the package also includes improved quality seeds, fertilizers, other chemicals that the farmers need. On top of this it is disclosed that these all packages that provide improved quality seeds, fertilizers, and other chemicals are given to the farmers on a credit basis. The company claims that this approach is new for the local farmers as farmers usually have no access to credit in the local context. In other words, it is indicated that this barely development program is a scalable project with the purpose of improving the incomes of the small holder farmers; the company claims to do the barley development program in a socially inclusive and environmentally sustainable way, and this barley development program is vital in establishing a market link for the farmers, and the company upholds that it pays the farmers.
that it works with premium prices. Plus, the company maintains that it offers the farmers agronomical support, technical assistance, training, and business advice, coordinating its efforts with its partner NGOs.

Under the support for host communities, the company upholds that it has high regard to the town that is kind enough to host its business, and it believes it has a mutual relationship with the local communities as a lot of its employees come from that particular town and there are a lot of people who rely on the brewery, and it is a source of pride to the community. In view of this the company seeks to give back to the host community. One way it does so is through a scholarship program that supports disadvantaged students in the local areas.

Moreover, the study found that the company is working to improve road safety in the local area where it operates. Accordingly, towards this goal, the company provided high visibility vests to the local police to support the activities of the police so that the police can be safe in the very busy and crowded road of the local area and the company believes this can help people to conduct traffic, to manage safety and to do it safely. In connection, it is disclosed that the company is also working on putting traffic safety signs and painting the cross walks or the zebras in the local area that it operates in collaboration with the local administration.

The third and the last CSR area of the company in the local context is protecting the environment. This is done by taking responsibility to protect the environment and through water stewardship and water balancing strategy, which endeavors to create water balance through projects that provides access to clean water and sanitation facilities to vulnerable communities in different parts of the country. In line with this water balancing strategy that the company implements as part of the company’s effort to reduce its environmental impact, it performs community-based activities such as providing access to clean water and sanitation facilities for vulnerable communities in different parts of the country.

In general, it is maintained in the interview that the parent company has a lot to do with what the local operating company performs in terms of CSR. The parent company’s CSR values serve as guiding and governing principles while doing the local CSR activities. In addition it is reported that how those CSR focus areas and philosophy take shape depends on the local conditions as conditions and circumstances are very different across continents or various locations that the global company operates. As such it is stated that the company depends on the global CSR framework and it is done flexibly to deliver for the local needs. Moreover,
regarding CSR reporting, it is disclosed that the local operating company tends to do press releases and media events, and it also shares with government partners what is going on with respect to its business activities including those CSR engagements. More so, it is indicated that there are annual sustainability reports and financial reports, and every year, it also submits a report to Ethiopian Post Privatization and Public Enterprises Supervising Agency (EPPSA) on its investments on the brewery, people, the community, and the environment.

Consequently, as indicated in the theoretical foundations, the issue of the global integration vs. local responsiveness of CSR centered upon whether companies have to go global irrespective of where they are operating or be responsive to local demands and circumstances (Husted & Allen, 2006; Jamali, 2010; Muller, 2006). As there are certain aspects of CSR that companies may go global such as environment-related concerns, still there are specific issues such as social concerns that require local responsiveness according to the context specific social problems where the companies operate (Cruz & Boehe, 2010; Husted & Allen, 2006). While the global CSR be consistent and internationally standardized, it is “insensitive to local needs” and lacks being responsive to varied circumstances in different cultural and social setting (Jamali, 2010). As interview results with managers indicated, this local operating company developed CSR areas that match the local needs based on the global company’s overarching CSR framework and performs the local CSR activities autonomously but with close support from the global company, and the operating company still observes the global company’s CSR values, policies and business codes of conduct.
1.3. Summary

This part presented the study results of Case #3. It has outlined the CSR practices that the case company performs, why it performs CSR, the benefits and barriers of implementing CSR in the local context, and how the company implements its international CSR strategies/ambitions in the local context. This section provides a summary of the findings according to the research questions.

Research question 1 – What CSR practices do the selected breweries undertake? Case #3

First, in studying what types of CSR practices the company performs, the study results identified that there are a number of CSR practices that the case company performs towards its shareholders, employees, the local community, customers, farmers, and the environment.

- With respect to shareholders, the study results indicated that the company produces annual financial and sustainability reports to keep its stakeholders including shareholders informed. Moreover, there are also online sources of information that are readily accessible.

- With respect to CSR to employees, the major CSR practices of the company to its employees include activities that are tailored towards investing in the company’s human capital, developing the capacity of its employees and providing a range of benefits to them. Accordingly, the company offers its employees training opportunities that help build the capacity of employees. Moreover, there are several benefits provided by the company to the employees, including medical coverage, catering services, bonuses, and holiday gifts. Further, as the company is concerned about its employees’ safety and health, employees undergo intensive safety induction and are provided personal protective equipment such as high visibility vests, ear plugs, gloves, safety shoes, and goggles depending upon the nature of their work. In particular to employees’ safety, the managers reiterated that the company has zero tolerance to accidents, and there are safety managers that work diligently to ensure the working environment is safe to employees. The employees, who participated in the study, have also testified that the safety standard is the best in the company.

Nevertheless, there are serious problems that the study uncovered with respect to the company’s CSR commitment with its employees. These worrying problems take
Appendices

various facets. The first one is that there is lack of fairness and equity among the employees due to the discrimination between the employees under the new blood and old blood divide; which resulted in providing a preferred treatment in terms of salary and benefit packages as well as training and promotion opportunities to the new blood employees, which is adversely affecting those employees who are classified as old blood morally, psychologically, and financially. The second concern is that the management systematically takes control of the leaders of the employees’ association by providing attractive benefits to those leaders so that the employees’ leaders get easily influenced by the management. Third, the employees complained that the company makes unpredictable decisions overnight without getting employees involved or without being considerate of the interest of the employees; and the management does not take suggestions and feedback from employees. The fourth concern is the tendency of the management to keep some old blood employees idle, that is the management neither give such employees duties nor it does terminate their jobs. The employees who have participated in the interview expressed in frustration that this approach is psychologically tormenting, and they believe that the company is doing this to force such employees initiate resignation by their own instead of terminating their employment; as the later approach could possibly have financial implication to the company as it will be forced to pay compensation.

- With respect to the local community, the CSR commitments that the company undertakes towards the local communities include the project that provides financial assistance (credits) to local barley farmers to have farming inputs in time; and extends agronomical support, and business advice. Also, the company has created access to market to the small-scale farmers by offering them premium prices. Moreover, the company extends support for host communities such as by creating employment opportunities for locals and scholarship programs that support disadvantaged local students to take up their tertiary education; and implements projects to create access to clean water and sanitation facilities for vulnerable communities. It is also noted that the company undertakes activities that promote responsible consumption, and educate the public about the risk of drunk driving. In connection, it is reported that the company works closely with major outlets to educate their bar tenders and servers not to serve alcohol to people who are underage.
Finally, the study results show that the company engages in dialogues with various stakeholders including farmers and the local community on issues of mutual interest, and the company considers such dialogues as useful to get feedback from communities.

- Regarding CSR to customers, the findings indicate that the company’s CSR activities to customers include promoting responsible consumption of alcohol so that the company’s products could be consumed responsibly and safely. Moreover, the managers of the company uphold that their company’s commercials are honest and are also concerned about the impact of advertising on children and take measures to reduce the impact of the company’s advertisements on children. As part of the company’s effort to increase consumer information availability, the company uses media advertisement as part of information communication. Further, in line with the environmental cost of using the company’s product, it is noted that the bottles that the company uses to distribute its products are reusable and recyclable. However, the study result based on interviews with NGOS, government authorities, and academics criticize the brewery sector for its aggressive advertisements, poor consumer information availability, and insufficient commitment to promoting responsible consumption.

- With reference to CSR to farmers, it is noted that in response to improving the productivity of the local farmers and to get quality barley from the local source, the company provides the local small-scale barley farmers a number of support including access to credit to buy inputs for their farming activities, it provides them improved quality seeds, agronomical support, training, and business advice that help improve the productivity and business orientation of the farmers. In such a fashion the company entered into contractual relationships with thousands of farmers. Further, it is noted that the company also strives to support the local farmers in their off-farm activities such as providing durable sacks to the farmers to contain their harvest, and there are transportation facilities arranged by the company to collect the barley from the farmers’ cooperatives.

Although the interview with the farmers that this company works with confirms that they are satisfied with the financial support, agronomical assistance, and market
access created by the company, they have shared their concerns on certain matters such as there are farmers who complain that the company discontinued its support after one round of working with them, the brewery had failed promises such as its pledge to the local community to open schools did not materialize yet; the company is less caring for the environment and the community compared to what it was used to be before the acquisition; and there is a bitter complaint over recent incident that killed a number of livestock of the local communities due to the poisonous waste release by the company.

- Regarding environment protection activities, the findings indicate that the company uses waste water treatment plant to treat the waste water before it exits the company so that the waste release is safe. Additionally, the company claims to take part in tree planting and cleaning activities together with the community. Further, it is reported that the company is doing its best to use water efficiently and aspires to reduce water use by half in the near future. Moreover, it was found that the company’s byproducts such as spent grain are distributed to the local community for cattle feed.

Research question 2 – Why are the companies doing CSR? Case #3

Secondly, in assessing why the company performs CSR, this study attempted to explore the reasons from various angles: marketing strategy (the business case for CSR), governance, values, laws, market conditions, and stakeholders.

- Accordingly, in terms of CSR and marketing (the business case for CSR) the study result revealed that the basic reason why the company performs CSR in the local context is to create shared value; and it is stated that CSR has achieved commercial and reputational benefits to the company. This indicates that there is a business “cause” for the company’s engagement in CSR in the local context. It is claimed that CSR has brought about commercial and reputational benefits for the company; such are some of the CSR sources for company to engage in CSR.

- From the perspective of governance, the study results show that the company has global CSR framework that is interpreted into local CSR areas to meet the needs of the local setting. Moreover, there are a number of CSR policies and codes of conduct to observe by managers and employees. The local operating company identified its
CSR areas to be promoting responsible consumption, supporting communities, and protecting the environment. There is also a designated unit in the company that is responsible for the planning and execution of CSR practices in the local setting. That is CSR is integrated in the governance structure of the company, and this is another source of CSR for the company.

- From the angle of company values, it was found that the CSR value of the company is creating shared value based on mutual benefits and mutual incentives. This is considered as the basic source of CSR for the company to engage in CSR. It is also noted that in order to meet its societal and ethical obligations that go beyond limited legal and economic duties, it is disclosed that the company works to be a very positive community member that contributes to various aspects of life in the local market driven by its philosophy of creating shared value.

- In terms of CSR and public pressures & expectations, which is regarding the pressures in the local setting that demand for more CSR commitment to be done by the company, results show that for the most part the company undertakes its CSR activities based on self-initiative and it was found that there are no strong and organized pressures from local groups such as NGOs and the media demanding (more) CSR. However, there are international initiatives that the company observes; some of them include UN Global Compact and CEO Water Mandate. Therefore, despite the lack of organized pressure for (more) CSR from local groups such as NGOs, the commitment of the company to apply international CSR frameworks and initiatives is part of the reason why the company engages in CSR from the perspective of CSR and public pressures & expectations.

- In line with CSR and the law, the study results reveal that there exists no direct CSR law at national level to follow by businesses and this particular company still depends on its self-initiative to undertake its CSR activities. It is also noted that as part of its internal governance mechanism, the company has well-developed CSR policies and codes of conduct for self-regulation. So, laws (domestic CSR laws and regulations) are not one of the reasons why the company embarks on CSR in the local context. It is reiterated that the company performs CSR based on self-initiative.
- At last, from the viewpoint of CSR and stakeholders, it was found that being responsive to stakeholders’ interests and demands is one of the company’s reasons why it engages in CSR. It was found that the company is committed to do CSR to its various stakeholders because it has to be responsive, even though proactively thus far, to the demands and interests of the stakeholders, and create mutual benefits for the company and the stakeholders based on mutual incentives. In connection, it was found that to better understand and respond to its stakeholders’ interests; the company profiles its stakeholders into groups including customers, employees, farmers, communities, NGOs, and the government. It is highlighted that the company accounts for the interests of each stakeholders carefully in its CSR engagements, and it holds stakeholder dialogues on issues of mutual interest.

**Research question 3 – What are the benefits and barriers of implementing CSR in the local context? Case #3**

Third, with regards to the benefits and barriers of implementing CSR; it was found that the benefit of implementing CSR for this particular company is that CSR has brought about commercial and reputational benefits. Meanwhile, the managers of the company indicated that the barriers/challenges to CSR in the local context mainly relate to the lack of awareness about CSR in the local context and the presence of numerous social problems.

**Research question 4 – How are the international CSR strategies (and ambitions) of international companies implemented in the local context? Case #3**

Finally, in terms of the implementation of the company’s international CSR strategies (and ambitions), results indicate that this local operating company developed CSR areas that match the local needs based on the global company’s overarching CSR framework and performs the local CSR activities autonomously, but with close support from the global company. It was found that the local operating company still observes the global company’s CSR values, policies and business codes of conduct.
Appendices

Appendix 8: Story map of why the companies’ undertake CSR

Interview responses

Improving competitiveness (M1, M2)
CSR is a tool to seize market prospects/opportunities (M1, M2)
Survival and growth (M1, M2)

Image building (M2)
Helps build the company’s image (M1)
CSR builds up goodwill and image (M6)

CSR has a commercial benefit (M5, M6)
CSR has reputational benefit (M5, M6)

Concepts

Competitiveness

Building Image

Commercial and reputational benefits

CSR Drivers

CSR and the Business Case (Marketing)

Internal governance mechanisms (Strategy and policy)

CSR and Governance
Appendices

Due to company value to share part of wealth to people (M1, M2)
Due to our value to build a better and stronger society (M1, M2)
To create a shared value (M5, M6)
Moral duty to give back to the society (M5, M6)
Due to company value to give is a duty (M1)
Due to company value to give back to communities (M2)
Due to company value to benefit society by giving back to communities (M3)
To give back to communities (M4)

Though there are no strong pressures from local sources, we strive to apply some international CSR tools (M5)

Company Values to give back to communities

No Strong local pressures

CSR and public pressures and expectations

CSR and the Law

Responsiveness to major stakeholders, proactively (M1, M2, M3, M4, M5, M6)

Responsiveness to stakeholders, proactively

CSR and Stakeholders
Appendix 9: Interview Analysis of External Stakeholders

INTERVIEW ANALYSIS OF EXTERNAL STAKEHOLDERS

Overview

This part presents the analysis of the interview results with external stakeholders including government authorities, NGOs, farmers, and academics. The interview analysis of each group of external stakeholders starts with a brief introduction of the institutions involved in the study and then it features the analysis of the interview responses of the stakeholders along with their evaluation of the companies in the brewery sector of the country for their CSR-related practices. While the interview responses from the government authorities, NGOs, and academics were aimed at the brewery sector in general, the interview responses from the farmers were specific to each case company with which the respective farmers work.
Analysis of Interview Results – Government Authorities

This section presents the views that the study uncovered based on interviews with the relevant government authorities in Ethiopia regarding the legal, social, labor, human rights, ethical and anti-corruption practices and the environmental context of the study setting. Subsequently, results from the interview responses from the government authorities are outlined. The government authorities that participated in the study are Ethiopian Ministry of Justice (MOJ), the Ethiopian Ministry of Trade (MOT), the Ethiopian Ministry of Social and Labour Affairs (MOLSA), the Ethiopian Human Rights Commission (EHRC), the Ethiopian Federal Ethics and Anti-Corruption Commission (FEAC), and the Ethiopian Ministry of Environment and Forest (MEF). A total of twelve interviews have been conducted from this cluster of stakeholders. So, for the interest of analysis, the respondents from the government authorities are identified as G1, G2, G3 … G12.

The interviews with MOJ and MOT are found to be helpful to explore the legal context in Ethiopia with respect to Business and CSR. In assessing how the social and labor, as well as human right and ethics and anti-corruption-related matters in the study context, the views from MOLSA, EHRC, and FEAC have useful contributions. Finally, in assessing the environmental laws and CSR in the Ethiopian Context, the interview information from the MEF and Addis Ababa Environmental Protection Authority take the center stage.

1.1. Business and CSR – The Legal Context in Ethiopia

In order to understand the legal context in the study setting with respect to CSR, the study conducted interviews with relevant government authorities such as the Ethiopian Ministry of Justice (MOJ) and the Ministry of Trade (MOT). The interview focused on the following aspects: (1) the legal framework with respect to CSR of businesses in the country, (2) involvement in the international framework and the laws specific to the brewery sector, (3) policy on alcoholism /norms in alcohol drinking, and (4) the authorities evaluation of the firms that operate in the brewery sector for their compliance with legal requirements and any major incidents or litigations known thus far in the brewery sector as well as worries over the activities/business practices of the breweries.

On the legal framework with respect to CSR of businesses in the country

Starting with investigating the legal framework with respect to CSR, it was found that CSR is understood in the law-enforcing bodies of the country as a responsible way of doing business.
However, it is also revealed that CSR is not mentioned in the commercial law that governs businesses in the country. It is noted that the country’s commercial code dates back to 1960 without major revision and adjustment. The interview information revealed that this old commercial law does not incorporate CSR elements. Nonetheless, it is noted that there are recent attempts to revise the commercial law and initiatives are underway to integrate CSR into the commercial law. One such move is the recent commitment to integrate CSR elements in the revised industry zone proclamation that requires businesses to undertake environmental assessment before they embark on investment. Despite lack of rigorous CSR laws, the law enforcing authorities indicated that there are various areas of CSR that businesses operating in the country may participate. It is suggested that there are immense social and environmental problems prevailing throughout the country which implies vast CSR responsibility. The authorities suggest that businesses may have to take the initiative to address social and environmental problems, as there are no rigorous CSR laws in the country. Moreover, the respondents indicated that it is feared that strict CSR requirements may hamper foreign investment opportunities in the country. A typical comment follows:

"Most of the foreign investors that are coming to Ethiopia for investment are from China and Turkey and the companies have bad reputations particularly for their environmental record. That is one of the reasons that we are trying to integrate CSR elements in the revised industry zone proclamation. Also, recent proclamations and laws have CSR elements. However, there is resistance even from the law-making organ/committee regarding incorporating CSR issues in our laws and proclamations. This is because enforcing CSR requirements would scare investors away from investing in the country. If we strictly enforce CSR, there is fear that investors would not come here to invest" (G1).

On specific laws to the brewery sector and involvement in international framework

Regarding whether there are specific laws that govern the brewery sector, it was found that there are no specific legal requirements towards the brewery sector. In line with the involvement that the international legal framework that the country endorses, it was found that there are various conventions and laws that the country endorsed from ILO, and those endorsed conventions are already made to be part of the national laws. It was also revealed that it is not only from ILO, but there are also international environmental laws that Ethiopia
endorsed and made part of its laws. Details about the latter points are made available in the later part of this section that present labor, human rights and environmental issues in the study context.

**On policy concerning alcoholism /norms in alcohol drinking**

With reference to policy on alcoholism /norm in alcohol drinking, it was revealed that there is no meticulous alcohol policy that the country pursues. Instead, there are fragmented laws which are not policy-based. Results show that there are laws and principles that are not reinforced and given careful follow-up, but the respondent enumerates laws such as: alcohol sale is prohibited for minors (under 18 years of age), it is not allowed to sell alcohol for a person who is already drunk, it is not allowed to advertise alcoholic drinks that have alcoholic content of more than 12%, it is not allowed to sell alcoholic drinks in places that host sports-related events. However, the study found that these laws are not well enforced.

**The government authorities’ evaluation of the brewery sector and associated concerns**

In line with the ministries’ evaluation of the firms that operate in the brewery sector for their compliance with legal requirements, the authorities confirmed that they have not done any audit in this regard and maintained that there were no major incidents or litigations known thus far in the brewery sector. In addition, the authorities were asked whether they have concerns over the activities/business practices of the breweries and with this respect, and they responded that the brewery sector targets the productive youth in their marketing strategy, and their advertising entices the youth to consume beer. A typical comment follows:

“There are fragmented laws which are not policy-based. All the beers sold in the country have no best before dates. No expiry date is disclosed. The beers are in the bottle does not mean they cannot get expired. The country still needs alcohol policy. Formerly, alcohol was never been allowed to be sold during working hours, particularly before 4:30 pm. But currently, it’s sold in all stores, pubs and clubs, shops and groceries, and all other outlets all round the clock without any restriction and control regarding who is buying it. The trend of alcohol consumption in the country is becoming a pressing and worrisome issue. The beers have no labels. There are no best before dates on the beers, and there must also be more information that promotes responsible
drinking. The companies know better how to do this and how to educate the public. But, they are not doing it well. The breweries must self-regulate with this respect. They are not doing it because it is not in their self-interest to do so. It is not rather because they are ignorant about it” (G3).

1.2. Labor and Human Rights, and Ethics and Anti-Corruption Issues in Ethiopia

In order to comprehend the labor and human rights developments as well as issues of ethics and anti-corruption in the local context, the study considered interviews with the Ministry of Social and Labour Affairs (MOLSA), the Ethiopian Human Rights Commission (EHRC), and the Federal Ethics and Anti-Corruption Commission (FEAC). While the interview with MOLSA primarily provided results regarding the labor-related issues in the country, the interview information that was brought from EHRC and FEAC provides highlights about the Human Rights and the Ethics and Anti-Corruption-related developments in the study context. Consequently, this section presents the views of the authorities on labor, human rights, social issues, and the Ethics and Anti-Corruption aspects separately.

1.2.1. Labor and social issues

The interview held with the authorities from MOLSA primarily focuses on two aspects: social and labor affairs. The interview was conducted with the authorities from the Social Welfare Development Directorate and Harmonious Industrial Relations Directorate. While the harmonious industrial relations directorate oversees labor issues in the country, the social welfare development directorate deals with social phenomena in the country with the latter being the one mandated by the government of Ethiopia to develop CSR guidelines for the country. As a result it is currently in the process of developing CSR guidelines at the national level. So, this specific section presents the labor issues and the social issues further in two separate sub-sections.

1.2.1.1. Labor issues

In investigating the labor issues, the questions posed related to major topics such as (1) how CSR is understood in the ministry and what responsibilities are businesses expected to address, (2) what the ministry requires businesses to meet in regards to labor affairs, (3) what international labor-related frameworks are endorsed, and (4) how the Ministry of Labour (Directorate of Harmonious Labour Relations) evaluates the breweries for their labor-related
practices. The interview was conducted with one respondent from the Directorate of Harmonious Labour Relations. For the sake of analysis, the respondent is referred to as G8.

With reference to how CSR is taken in the labor division of the ministry, the finding shows that CSR is understood here as the mechanism that businesses employ to responsibly address social and environmental concerns. In connection, it was revealed that these responsibilities are supposed to stay open-ended and should not be limited. It is indicated that the ministry expects employers/businesses to improve and strengthen the scope and depth of their responsible practices without limits.

Specific to labor issues, it is underscored that there are well-developed labor laws in the country, which are backed by the country’s constitution, and all businesses are obliged to adhere to the labor laws. In addition, the respondent noted that as the needs and demands of employees is dynamic in its nature, the labor law can never be capable of exhaustively addressing all the issues in employment relationships. The area is dynamic. Therefore, businesses have to keep abreast of the changing demands of their employees and respond accordingly. However, the respondent reiterated that what is more important and basic is that while the employment contract is signed and the employment relationship is established, the law prohibits forced labor. Then, once the employment decision is made the employment conditions can keep improving based on negotiation and collective bargaining. The respondent pointed out that the labor proclamation of the country (proclamation Number 377/2003) is the guiding and governing labor law in the country, and all labor-related issues are seen through the lens of this particular proclamation.

In elaborating how the ministry promotes the law and reinforces that businesses abide by the labor law, the respondent said,

“The labor law is backed by the constitution. It promotes employees to form associations and negotiate their proposals with employers. It’s a right. Based on negotiation, the employees can secure their demands and interests. That is, the law supports the fact that employees can further secure their interests through negotiation and collective bargaining. Besides, employees’ demands and interests can be secured better in all sectors through the combined effort of the government, the trade unions, and the employers’ federation. Moreover, there is an inspection service,
the Labour Inspectorate Service that ensures the execution of the law” (G8).

Regarding the involvement in international frameworks that promote the rights of employees and the rights to work, the respondent revealed that thus far the country endorsed 22 of the ILO conventions that are made part of the country’s national laws. It is also indicated that of these twenty two conventions, eight of them are on human rights issues. Furthermore, it designates that the labor law of the country encompasses both human rights and labor standards. Among others, it prohibits forced labor. It also prohibits any form of physical or emotional abuse such as slandering and humiliating. In addition, the law also prohibits signing a contract for immoral undertakings such as employing people for commercial sex. Finally, it also prohibits illicit activities such as drug trafficking, human trafficking, and other unlawful practices.

Finally, in regard to the question of how the Ministry (Directorate of Harmonious Industrial Relations) evaluates the companies in the brewery sector for their practices that relate to labor affairs, the directorate believes that the breweries have a socially responsible behavior with a commendable attitude towards their employees. The directorate indicated some instances such as the attractive incentives and compensations the breweries paid to laid-off employees due to the acquisition procedures. The directorate also mentioned that one of the breweries while it acquired the government breweries had offered a lot of incentives to the employees and set up attractive provident fund scheme to their current employees so that the employees will get the necessary benefits when employment is terminated for any reason. It was also noted that this same company from the brewery sector supported the reduced employees start up their own business.

1.2.1.2. Social issues

In discovering social issues, the questions that were presented to the Social Affairs wing of the Ministry of Social and Labour Affairs (Social Welfare Development Directorate) included (1) how CSR is understood in the directorate, whether there is any CSR policy, and what responsibilities they expect businesses to address (2) what the ministry (Social Welfare Development Directorate) requires businesses to meet from the social affairs perspective and, (3) how the Social Welfare Development Directorate evaluates the breweries for their CSR
practices. Two respondents were involved in this interview. For the interest of analysis they will be identified as G9 and G10.

Concerning the question of how CSR is understood, interview results reveal that CSR is taken as a social and environmental responsibility of businesses with the focus to creating a better society through cooperation by working together and prospering together within the communities in areas where the businesses do their operations. With respect to whether there is any existing CSR policy or developed knowledge of CSR, it was noted that previously there was a Social Security Policy, which has now changed to a different term that is called a Social Protection Policy. This Social Protection Policy was ratified by the government in 2014, and there are different social aspects that the policy touches. It was revealed that the Social Protection Policy incorporates most CSR ideas.

Furthermore, it is asserted that CSR is now a priority area in the Ministry of Social and Labour Affairs, particularly in the Social Welfare Development Directorate. In view of this, the interview result reveals that the ministry started working more diligently in coordinating the fragmented CRS activities of businesses in the country. In doing so, the ministry is developing a national CSR guideline and has organized a consultative meeting with the business community towards this end. As part of its responsibility to develop a CSR guideline as mandated by the Ethiopian Government, the ministry strives to frame the CSR guidelines in the broad definition of CSR that it has developed: “CSR is በንግድ፤በኢንዱስትሪ፤በእርሻእናበሌሎችአገልግሎትሰጭዘርፎችየተሰማረባለሀብቶችከሚያገኙትመልካምстанавлиበሃላፊነትስሜትየማህበራዊጥበቃእርምጃዎችንለመደገፍበገንዘብናበዓይነትየሚያበረክቱትአስተዋጽዖንይመለከታል፡፡” (Amharic Version). In English: “CSR is defined as a responsible initiative that shall be taken by organizations from various sectors such as business, industry, agriculture, and the service sector to contribute and support social protection measures in monetary and non-monetary ways given their reputation and achievement in the market”

With reference to the question of what is required from businesses in regards to social affairs, it was revealed that the Social Welfare Development Directorate expects businesses to be part of an organized way of doing CSR. More specifically, it wants to get the commitment of businesses in the country to allocate a fraction of their annual profit to expend for CSR activities. Referring to the consultative meeting with the business community it had earlier, the directorate pointed out that it has achieved positive reaction from businesses on this issue. Moreover, the directorate reiterates that there are intricate social problems across varying
contexts throughout the country in which businesses may intervene to be part of the solution. One respondent said,

“Social problems are highly intricate in our country, and we cannot come up with a complete list of social problems. This is because they vary according to context” (G9).

Despite the tremendous social problems, the directorate has identified what it calls priority areas for intervention. These include: support for older persons, persons with disabilities, destitute and poverty reduction, orphans, people with mental illnesses (autistic children), commercial sex workers, and people affected by drug-abuse seeking rehabilitation. In addition, it is indicated that the Ministry is concerned with industrial/occupational health and safety matters, and businesses are expected to provide their employees with an acceptable level of industrial safety and health standards. The latter issue is supposed to be closely watched by the Directorate of the Harmonious Industrial Relations. This was discussed in the previous sub-section under the heading Labor Issues.

In line with how the Social Welfare Development Directorate evaluates the breweries for their CSR practices, the directorate’s evaluation indicates that what the breweries are doing is appreciable, especially in the absence of a national CSR guideline. In other words, in the absence of government putting forward any strong CSR framework, what the breweries are doing is appreciable. The following is a typical comment,

“Given the fact that the country lacks a solid CSR framework, what the breweries are doing is appreciable. The breweries are one of the few businesses in the country that tend to show a better commitment to CSR practices. They are financially strong, and they have a wealth of CSR experience from their international operations. In our consultative meeting with the companies from the brewery sector, they gave us assurance that they are ready to keep up with what they do now and involve in more CSR programs and activities. We are working together with them at a consultative level to strengthen the CSR framework that we are developing. So, we can judge the breweries CSR practices as interesting thus far, hoping that they will do more of this in the future” (G9).
The interview also asked the respondents if there are concerns over the breweries. In this regard, the respondents enumerated some concerns including: (a) the breweries employ aggressive advertisings in every media outlet spreading massive beer consumption among communities, and this has implications on alcohol consumption, (b) the breweries even post huge bill-board ads near schools and universities, the breweries target the productive youth. Furthermore, they outlined that while the major product (the beer) in those billboard ads is displayed in a picture of large proportion, important messages that promote responsible drinking such as “18+,” and “drink responsibly” are written in tiny letters that are difficult to notice easily. While the product ad is made to be easily noticeable and attractive, the important labels are difficult to notice, (c) the breweries still need to work better to advocate responsible drinking. They do not practically follow-up in whether their products are not sold out for minors. It is indicated that in their ads, the breweries state it is for 18+ but no practical follow-up on that. Practical self-regulation with respect to responsible drinking does not seem to be in their interest, (d) the breweries are very competitive. Their focus is on how to win one another. It was also revealed that fueled by lack of awareness of responsible drinking, there are tremendous accidents caused due to drunk drivers. The following comments illustrate the concerns:

One respondent said,

“It’s widely known that in the country there are a lot of traffic accidents that are caused due to drunk drivers. This happens every night and the breweries have to do a lot more in educating the public about the dangers of drunk driving. Not much is done in this regard. There is massive beer consumption in the country particularly in big towns and cities, while there is little/ no education about responsible drinking” G10.

Another respondent added,

“The breweries still have a big responsibility in educating the public regarding the consumption of their products. In one hand, when they advertise, they have to do it in a responsible way. It should not only be designed to mesmerize the public to drink more of their beers but should also think about promoting their product responsibly in line with creating awareness about responsible drinking” (G9).
1.2.2. Human rights issues

The interview held with the Ethiopian Human Rights Commission focuses on discovering: (1) how CSR is understood in the commission, (2) which responsibilities the commission expects businesses operating in the country need to address, (3) existing human rights laws, (4) international human rights laws or frameworks the country endorsed, and (5) whether there is any human rights-related issues in the brewery sector of Ethiopia. One respondent was involved in the interview. The respondent is identified as G12 for this analysis.

In line with the question of how CSR is understood in the commission, the finding shows that at EHRC CSR is realized as the responsibility of businesses to the society. That is, businesses exert influence on the society and that influence is expected to be positive. It is noted that businesses operating in the country should have moral/ethical responsibilities to their communities. The respondent pointed out that previously CSR was understood as measures taken by businesses to appease the society. But the current understanding is to be inclusively beneficial to society. However, the respondent indicated that following up on human rights issues in the business sector of the country is problematic. The respondent said,

“There are ongoing problems regarding implementing and following up human right laws. This is because most human right laws are endorsed not at an organizational level but is rather at national and international level. Businesses claim that such issues have to be handled by the state; not by a particular business” (G12).

Regarding the question of address responsibilities the commission expects businesses operating in the country to address, it is suggested that the businesses may need to work closely with communities by way of undertaking their business in consultation with the communities and engage in activities that are particularly designed to address social problems such as in the areas of education, access to clean water, eradication of chronic poverty, infrastructure development, as well as involvement in such social and economic development programs would help sustain the companies’ businesses.

With reference to existing human rights laws, the respondent asserted that there are a number of human rights laws that the country scrapped and endorsed from international human rights frameworks. More so, Article 41-44 of the country’s constitution is all about human rights, labor rights, and environment issues. The respondent claimed that the problem is tied to
follow-up and implementation. It was indicated that laws exist about social, economic, human rights and environmental issues (Constitutional rights: Article 41-Economic, Social and Cultural Rights; Article 42-Rights of Labor; Article 43-Right to Development; and Article 44-Environmental Rights).

Concerning the international human right laws or frameworks that the country endorsed, it was revealed that Ethiopia is a signatory to UN and AU human rights laws and conventions starting from the earlier conventions of 1948 when UDHR (Universal Declaration on Human Rights) was adopted. Furthermore, it is noted that the country signed two main treaties over civil and political rights that are collectively termed international convention on Economic, Social and Cultural Rights (1990-1992) to which the country is a signatory. In addition, it was revealed that the country has also signed and endorsed additional thematic human rights areas such as on women, children, torture ban, genocide, etc. Finally, it was revealed that very recently Ethiopia has signed “Basic 9” human rights aspects that relate to the rights of persons with disabilities. The respondent indicated that the country has signed almost all HR conventions that relate to substantive human rights.

With respect to the question of whether there are any human rights-related issues and incidents in the brewery sector of Ethiopia, it was noted that the commission has no specific information about it and suggested that this needs to be checked in line with employees’ rights such as workloads, working hours, overtime pay, safety and health matters, equal pay for equal kinds of activities, and right to compensation. The respondent reiterated that the commission has no reports of such violations thus far and suggested researchers assess the issue in the various business sectors of the country.

1.2.3. Ethics and Anti - Corruption issues

The interview that was conducted with the Ethiopian Federal Ethics and Anti-Corruption commission captured answers to three questions: (1) What is your understanding of CSR, (2) What CSR activities do you expect businesses operating in the country to address, and (3) What anti-corruption laws do you have governing businesses in the country? The respondent from this commission is identified as G11 for the purpose of analysis.

Regarding how CSR is understood in the commission, it was revealed that CSR is recognized in the commission as the benefits that organizations have to bring about to the society in terms of economic, social, and environmental-based motives. It is a devotion to social and
environmental issues so that the business does well by contributing something of value to the community.

With respect to which CSR activities are expected from businesses operating in the country, the commission indicated that while their rights to make profit are duly respected, what is expected is that businesses shall not try to prosper or make money at the expense of the interests of the public or by excluding the interests of the communities. The respondent said,

“The businesses have to be good to the public, and they have to reinforce the idea that they can prosper when the community prospers too. They should not imagine their prosperity in isolation. This is an ethical consideration that businesses need to embrace” (G11).

The last question to the commission was what anti-corruption laws does are in place to govern businesses in the country. The response revealed that the existing anti-corruption laws govern only public institutions, and the commission has no jurisdiction to enforce anti-corruption laws on the private businesses. Nonetheless, it is indicated that the commission educates the public and organizations about the values of ethics and fighting corruption regardless of the nature, size and ownership form of the business. In line with this, the respondent commented,

“Even if the private sector is not within our jurisdiction, in terms of fighting corruption and enriching anticorruption mentality we educate and create awareness about the subject matter in all sectors in the country. We are also working on drafts to integrate the private sector in the anti-corruption laws and will be ratified soon” (G11).

1.3. Environmental Laws and issues in Ethiopia

In order to take hold on the existing environmental laws and issues in Ethiopia in general and the brewery sector in particular, the study held interviews with the relevant authorities of the government that work on environmental issues. Accordingly, three interviews were conducted with two respondents from Ethiopian Ministry of Environment and Forest and another from Addis Ababa Environmental protection authority. For the analysis purpose, the respondents from this group are identified as G5, G6, and G7. The interview started with: (1) discovering the understanding of CSR in these environmental-based authorities and then
progressed to questions such as (2) what environmental laws exist in the country, (3) what involvement in international environmental frameworks does the country have (4) how do the authorities explain the activities of the firms in the brewery sector towards protecting the environment, (5) how do they evaluate the firms practice in the brewery sector with respect to conserving water resources, and (6) what environment-related concerns are observed in the brewery sector.

In discovering the understanding of CSR among the authorities that are responsible for environmental protection, results show that CSR is considered as a necessary pillar in business operations. The environmental protection experts indicated that CSR has to be taken as one of the responsibilities of businesses operating in the country. They have also indicated that businesses may have to aim to improve the social and environmental status of their communities by developing and participating in social welfare development and environment protection programs. One respondent said,

“Businesses and investors have responsibilities to improve the social and environmental status of their communities. A company’s goals should not only dwell on making money after money, but also bear contributions to social welfare development and environment protection. Our authority is more interested in environmental issues so we promote the fact that businesses have to be environmentally friendly. They bear the responsibility not to hamper the environment. Instead, companies have to nurture and protect the environment” (G7).

Another respondent said,

“In our Ministry there is a great deal of understanding and awareness about CSR. Under the Ethiopian law concerning the environmental responsibilities of businesses, the idea of CSR is an established one. There is a room for CSR in our laws. We have this principle called “The Polluters Pay” principle. Accordingly, with respect to the environmental aspects of the CSR of businesses, we require all foreign businesses investing in the country to undertake environmental impact assessment before starting their business operation. We let start only those businesses that are not harmful to the environment” (G6).
Regarding what environmental laws exist in the country, it was revealed that there are rigorous environmental policies and laws and the authorities are also revising the current policies and laws to incorporate current global environmental issues such as global warming. It was stated that the existing environmental laws promote improving and enhancing health and quality of life as well as achieving sustainable development. More specifically, it was noted that the environmental laws and policies require institutions, including businesses, to preserve and conserve resources with the aim to attain sustainability for the interest of protecting the environment and fostering the survival of the businesses.

With reference to the involvement in international environmental frameworks, it is asserted that there is active participation in the international environmental protection initiatives, the authority in particular, and the country in general all play a leading role in Africa in environmental protection endeavors by participating in international initiatives, play a leading role in global environment protection conventions, protocols, and exhibit a great allegiance to existing international environment protection frameworks. Testifying to this it is indicated that the authority (the country) represents and leads Africa in the Paris 2015 Summit i.e., The United Nations Climate Change Conference to sign a new climate change agreement.

In the matter of how the authorities evaluate the activities of the firms in the brewery sector towards protecting the environment, it was revealed that there are fragmented efforts taken by the breweries in protecting the environment. For example, their environmental protection activities are not well coordinated. As such, coordination and intensification of their environmental activities has yet to be done. However, it is indicated that the breweries are doing well in terms of waste management. They have waste treatment plants as well as environmental officers.

As to the issue of the breweries commitment to conserve water/ water resources, it was indicated that the breweries use large amounts of water resources, albeit not audited properly. However, it was revealed that the breweries mostly use underground water or water diverted from rivers that saves the municipality water. In addition, it was revealed that there is no concrete information about how much ground water the breweries consume as it is not audited. What is known is that the country has very limited ground water resources, the breweries are expected to use it responsibly, and the authority is devising schemes to get them pay for the ground water resources. It was also indicated that the firms in the brewery
sector should participate actively in environmental protection activities such as protection of forest and development (harvesting) of water resources.

In regards to apparent concerns in the brewery sector, it was revealed that the water consumption of the breweries may bring about a possible negative impact on hydrology, and that may lead to possible water conflict in water distressed areas where the breweries are operating. In addition, it was disclosed that there were certain incidents of sewage spills into neighborhoods and even one company from the brewery sector had recently released untreated wastes that caused a public mob.
1.4. Summary

In the above section, the analysis results from the interview responses from government authorities were highlighted. The major topics of the interview result focused on the legal context in Ethiopia with emphasis on business and CSR. It also focused on portraying the labor and human rights, ethics and anti-corruption, and environmental laws and issues in Ethiopia. In view of this, the summary of the findings are given in the paragraphs that follow.

First, with respect to the business and CSR context in the country, the result indicated that thus far there is neither a CSR law nor guideline which is developed in the country to promote CSR among businesses. The country still uses its 1960 commercial code that has never undergone major revision to incorporate contemporary issues including CSR. Moreover, even though the breweries are one of the controversial industries for the nature of the product they produce (Cai, et al., 2012; Jo & Na, 2012), there are no specific legal requirements towards the brewery sector in the country in line with enforcing responsible sale and consumption of the sector’s products. In addition, the existing laws on alcohol consumption such as the minimum age requirement are not strictly reinforced and complied. The breweries are expected to self-regulate in promoting responsible drinking, given the fact that the legal framework in the local context on this issue is lax. In connection, it is indicated that the breweries have to reassess themselves over concerns that their activities/business practices should entail restraint and self-regulation over complaints such as targeting the productive youth in their marketing strategy, indiscriminate, enticing and aggressive advertising campaigns, and poor consumer information.

Second, in line with labor issues, it was found that there is a well-developed labor law including ratified ILO conventions in the country that specifies the employment relationship in all forms of organizations. Among others, the law forbids forced labor, disallows any form of physical or emotional abuse, and bans signing a contract for immoral undertakings such as employing people for commercial sex. It also prohibits illicit activities such as drug trafficking, human trafficking, and other unlawful practices. In addition, the labor law has a strong link and back up from the country’s Constitution that promotes collective bargaining throughout the employment relationship. Moreover, there is a tripartite approach concerning the labor relation issues in the country that involves government, the trade unions, and the employers’ federation for all sectors in the country. With respect to the country’s involvement in international frameworks that promote the rights of employees and the rights
to work, the country ratified 22 ILO conventions (details about this is available in Chapter 2). Overall, the Ministry of Labor and Social Affairs of Ethiopia (MOLSA) evaluates the brewery sector favorably for its socially responsible behavior with respect to the way the sector deals with its employees.

Third, in view of social issues it was found that developing a CSR guideline is a priority area today at the Social Welfare Development Directorate of MOLSA, which was given the mandate by the government to develop national CSR guidelines and is currently in the process of developing the national CSR guidelines. The recent consultative meeting that it held with the business community in the country brought about positive and constructive comments that will be used as input to develop the national CSR guidelines. In connection, the directorate indicated that it expects businesses to come to consensus in the near future, perhaps after the national CSR guidelines are developed, to allocate a very small share (of a fixed amount) of their profit for CSR programs. In the meantime, businesses including the breweries are expected to be active players by being part of the solution to address intricate social problems that prevail throughout the country. Although the Directorate appreciates what the companies in the brewery sector of the country are performing voluntarily in terms of CSR initiatives, even in the absence a national CSR guidelines or framework/requirements, it has a serious reservations about the current business practices of the breweries that have a negative impact on the society including the aggressive, indiscriminate, and unethical advertising that the sector employs. Insufficient responsibility messages are provided. Practical problems manifest in the implementation and promotion of responsible drinking in the local markets, and obsession with competition, which in turn make the breweries neglect behaving responsibly.

Fourth, from the viewpoint of human rights, it was revealed that what the Ethiopian Human Rights Commission (EHRC) expects businesses operating in the country to do is to work closely with communities by engaging in consultation with them. There are also various human rights issues that are maintained in the constitution of the country that businesses must observe (details about human rights laws are available in Chapter 2) and businesses are advised to engage in activities that are particularly designed to address social problems.

Fifth, from the Ethics and Anti-Corruption perspective, all businesses in the country are expected to serve the public interest and there are Ethics and Anti-Corruption education
programs run by FEACC. Nonetheless, the FEACC has the jurisdiction only to monitor and control public institutions. Private businesses are outside the jurisdiction of FEACC.

Finally, with respect to environmental laws and issues, as outlined in the Chapter 2, the existing environmental laws of the country [such as the Environmental Impact Assessment Proclamation No.299/2002; the Environmental Pollution Control Proclamation No. 300/2002; the Solid Waste Management Proclamation (No. 513/2007); the Prevention of Industrial Pollution/ Prevention of Industrial Pollution Council of Ministers Regulation (Regulation No. 159/2008)] promote improving and enhancing health and quality of life and achieving sustainable development. More specifically, those existing laws and the interview responses obtained from the Ministry of Environment and Forest and Addis Ababa Environmental Protection Authority noted that the environmental laws and policies require institutions, including businesses, to preserve and conserve resources, with the aim to attain sustainability for the interest of protecting the environment and fostering the survival and growth of the businesses. Furthermore, it was found that the Ministry of Environment and Forest, which is responsible for environment-related issues, is also revising the current policies and laws to incorporate current global environmental issues such as global warming. Also, the interview result with the high official with the Ministry of Environment and Forest maintains that the country has active participation in international environment protection initiatives. The following excerpt is taken from the speech (as prepared for delivery, July 14, 2015) of the World Bank Group President Jim Yong Kim14:

“I commend Ethiopia for being a long-term leader on climate change – in and beyond Africa. Climate was a subject of great importance to former Prime Minister Meles Zenawi, and it has remained a priority for today’s government, led by Prime Minister Hailemariam. Ethiopia’s commitment to climate has helped bring the perspective of developing countries to climate negotiations. I’m confident that Ethiopia will continue to play a leadership role at and beyond the COP21 Forum in Paris in December 2015.”

When it comes to the assessment of the brewery sector’s commitment to environmental protection, the interview result with the Environment ministry revealed that there are some fragmented environmental protection activities that the companies in the brewery sector undertake. It was also established that the breweries are doing well in terms of waste management. However, the environmental authorities indicated that the breweries use a large amount of water resources, and the water consumption of the breweries is never audited. It was disclosed that the breweries use mostly underground and river water, and it was found that there is no tangible information about how much ground water the breweries consume as it is not audited. The authorities indicated that the country has very limited ground water resources, and they have also called upon the firms in the brewery sector to use water responsibly in the most efficient way possible and to participate actively in environmental protection activities such as protection of forest and development (harvesting) of water resources. Further, the environmental authorities expressed their concerns over the brewery sector that the water consumption of the breweries may bring about possible negative impact on hydrology, and that may lead to possible water conflict in water distressed areas where the breweries are operating. In other words, in the study context there is not an established system to control the ground water consumption of the breweries operating in the local area. In this regard, Lambooy (2011b) indicated that while such is “the government’s duty to manage its underground waters and protect it against over-consumption” (p.854), the author also asserts that it would also happen to be difficult to draw the demarcation between the role of the government and the role of the private sector particularly in weak states. In such a situation, businesses operating in the territories of such weak states are expected to increase their moral responsibility to ensure sustainable water use.
Analysis of Interview Results – NGOs
This section presents the views that the study uncovered based on interviews with pertinent NGOs that have worked together with the companies in the brewery sector or have knowledge of the sector’s operations. Accordingly, interviews have been conducted with local and international NGOs that operate in the study setting and have worked with the companies in the brewery sector. The local NGOs were Hundee Grass Root Oromo Initiatives and Organization for Rehabilitation and Development in Amhara (ORDA). The international NGOs were Self-Help Africa, SNV, TechnoServe, and African Services Committee. One respondent was considered from each of the NGOs except for one of the local NGOs from which two respondents have participated in the study. In general, the respondents from this cluster of stakeholders are identified as NG1, NG2 … NG7 for the purpose of analysis.

Proceeding to the contents of the interviews and the resulting outcome, the interview focused on the questions that refer to: (1) how CSR is understood among the NGOs, (2) the contribution of the breweries to the society, (3) CSR commitments that are undertaken by the breweries to improve the quality of life of their respective local communities which the NGOs are aware of, (4) environmental protection activities of the breweries, (5) suggestions for improvement pertaining to what the breweries are doing for their respective local communities, (6) the breweries’ engagement in dialogues with NGOs to discuss problems and identify resolutions, and (7) apparent concerns that the NGOs have over the breweries.

1.1. The NGOs’ Understanding of CSR in the Local Context
With respect to the question of how CSR is understood among the NGOs, most of the responses underscore that CSR deals with the addressing social and environmental challenges. In addition, some of the respondents indicated that CSR can be taken as a code of conduct or even as a strategy to account for social and environmental requirements in order to give back to the society and conduct business in a sustainable way. It is also indicated that CSR can be used as a way of promoting business. One respondent commented,

“I think CSR is concerned with a business’s engagement in programs and projects that could possibly benefit the community as a whole, apart from a profit objective” (NG7).

Another respondent said,
“I think, it is doing business in a socially and environmentally responsible way. CSR involves nurturing the physical environment and placing due consideration to the interests of a society” (NG2).

1.2. NGOs’ Overall Reaction about the Presence and Operations of the Breweries

In exploring the NGOs reaction about the presence and operations of the breweries and their contribution to the society in the study setting, the respondents identified both positive and negative impacts of the breweries. The positive contributions of the breweries that are specified by the respondents include: the breweries represent an established market opportunity for small holder malt barley farmers, they contribute to economic development through injection of production resources and taxes to the government, skill and technology transfer, the creation of employment opportunities, and increased competitiveness with increased variety of products. Meanwhile, it was also indicated that the breweries need to do more in terms of promoting and instilling the idea of responsible drinking; they need to balance mass distribution of beers in the market with positive social and environmental activities and be cautious of their current enticing advertising techniques that will entail a risk of spreading alcoholism. Some of the positive comments suggest,

“The brewery industry has contribution to the economic development, and it provides employment opportunity and the farmers who produce malt barley benefit from the brewery industry. The competitiveness in the brewery industry is increasing and that gives the farmers a better option to sell their malt barley for higher prices” (NG4).

“The international breweries that are currently operating in the country have brought additional production resources with them when they entered the local market. Some of the resources are very important, such as the technology and qualified human resources” (NG2).

A not so positive comment suggests,

"Unless the breweries manage to balance their mass production and distribution of their alcoholic drinks as well as their subtle advertising with positive participation in social and environmental activities, imagining what will happen to the youth and children in terms of
alcoholism, their contribution to a healthy community is bare minimum” (NG8).

1.3. The Brewery Sector’s Contribution to Smallholder Farmers

In particular to the contribution of the breweries to small holder farmers, it was indicated that the breweries work closely with small holder malt barley farmers and provide the farmers improved seeds and fertilizers, introduce modern technology to the small holder farmers, assign agricultural extension workers, facilitate access to credit to poor farmers, facilitate transportation of the farmers’ harvest, and pay premium prices to malt barley growers. The breweries contribution to the other side of the supply chain is also disclosed. Most respondents stated that there is an improved beer production and variety in the market. It was asserted that consumers have more choices and options for beer, and beer has become more accessible. The competitive nature of the beer sector has also brought about improved beer quality. The expansion of the sector generates more employment and business opportunities for transporters, distributors, wholesalers, retailers and the service sector. It is reiterated that the livelihood of a lot of transporters, distributors and retailers in the beer supply chain heavily and entirely depends on the breweries. More so, the service sector is dependent on the brewery sector to a great degree. One respondent said,

“In addition to creating market to the malt barley growers, the breweries hire a large number of workforces in various aspects of the value chain. The breweries are serving the market. In connection, if you consider the service sector, 40 percent of the GDP of the country comes from the service sector, if you remove the beer products from the service sector, you can imagine how much will be lost. The service sector heavily depends on the beers of the breweries. Without the beers you cannot imagine the service sector staying vibrant and rewarding. The service sector of the country would not exist without the breweries” (NG1).

1.4. The Sector’s Commitments in other Social/Community-based and Environment Related Activities

Further, it is also indicated that the breweries engage in several CSR projects that are designed to address social problems in the country. The respondents itemized the following in this regard: supporting activities that are popular within the majority of the communities such
as sponsoring sports, arts, and social and cultural events, sponsor and donate a substantial amount of money for community development projects, sponsor and donate a substantial amount of money for research and development endeavors, support and sponsor urban planning and infrastructure development projects, support health service development (including free HIV counseling and testing), and sponsor mobile health service provision and children nutrition programs.

About the environmental protection activities of the breweries, results indicate that even though the most common practice among the breweries pertaining to environment protection is the use of modern waste treatment plants to treat the wastes, not much is done with respect to environment protection. Nonetheless, it is indicated that the environmental concern of the breweries vary to a certain extent. Most of the respondents indicated that within their own turf or premises the breweries are environmentally sensitive, and one of the breweries has an excelling performance in environmental friendly operations. The study also revealed that the breweries consume energy that is not accounted for or audited. Even in the past there were problems with water supply as the breweries were sharing the water supply of the public. But recently, those problems were resolved as the breweries that used to share water with the public dug ponds for their water consumption.

1.5. Suggested Areas for Improvement

With regards to the question of what needs to be improved pertaining to what the breweries are doing for their respective local communities, the interview result indicated that the breweries need to actively take part in sector specific, as well as non-sector specific, CSR activities that help to be a positive impact to the society and the environment.

With reference to sector specific activities, findings show that the breweries still need to work more on: (a) integrating with farmers and committing themselves to grass root levels to build the capacity of the small holder farmers and participate more in agricultural extension activities, and facilitate the conditions for the farmers in terms of training and other support to make the supply of malt barley locally sustainable, (b) help fill gaps that relate to the use of technology as even the small holder farmers that the breweries are working with lack knowledge on how to use technology. Therefore, it was revealed that it is necessary to provide support to farmers to use information technology systems, (c) addressing issues of gender-based violence in the small holder farmers’ communities as this problem is wide-
spread even in the villages of the small holder farmers’ communities that even the breweries are currently working with, there is violence against women in the farm fields (labor exploitation) as well as domestic abuse of women, (d) water resource development, and (e) finding better ways of handling bottle crowns after consumption. The following are fairly typical comments,

“There is gender-based violence that is common in the small holder framings that require the attention of the breweries. There is gender-based violence among the growers of the malt barley. Particularly the women (wives/mothers) are forced to work abusively. There are occasions that the husbands get drunk with the beers from the breweries and abuse their wives. The irony is the women are the ones who do the hard work on the farmlands in growing and supplying the barely. So, the breweries can be part of the campaign in terms of making sure that women are supported. This issue deserves attention to avoid gender-based violence” (NG5).

As to the non-sector specific activities, numerous areas of intervention are proposed. It was found that there are major non-sector specific concerns in which the breweries may participate to alleviate social and environmental problems. The result of the study shows that the NGOs suggest the following areas could be areas of intervention if the breweries wish to participate (a) improving access to clean water and health services (b) environmental problems that require reforestation and restoration of degraded areas, (c) fight against extreme poverty, joblessness, drug abuse and rehabilitation, (d) supporting the development of the education sector, donation of books and teaching aid materials to rural schools, and (e) community development programs that target children, women, older persons, and persons with disabilities. One respondent said,

“Most children in the smallholder farmers’ communities that even the breweries work with have no access to education. If access to education is facilitated, the children can take up their studies in their own villages and stay around to support their parents in the farm land. Moreover, it would be valuable if the farmers are given the chance to use information technology systems to get information about market and other useful information using simple ICT technologies” (NG2).
1.6. The Brewery Sector’s Engagement in Dialogues with the Community/NGOs

Regarding the question of whether the breweries engage in dialogues with the NGOs, and if so, which aspects are discussed and resolutions are reached, the findings show that as these NGOs have been working with the breweries. It was indicated that having dialogue with the breweries has been part of the collaboration and partnership. As this interview was conducted with those NGOs that work/partner with the breweries, it is expected and natural that there exists dialogue between the breweries and the NGOs that work together respectively. Accordingly, even though the area of partnership may slightly vary, the subjects of the dialogue and discussion are dominated by improving the productivity of the small holder malt barley farmers. It was also found that one of the NGOs works very closely with one of the breweries in improving health service in various communities. As a result, most of the discussion and dialogue with that particular brewery focuses on expansion of health services. Still another, NGO mentioned that it works with a particular brewery in line with expanding access to clean water to rural and impoverished urban areas, and the focus of the dialogue with the brewery is on how to improve sanitation and access to clean water to a larger section of impoverished urban areas and rural places. One respondent said,

“In the dialogues, we speak in favor of the small holder farmers, as we represent the voice of the farmers. We work with two breweries, and have good relationship with them. While working together, our focus is devising methods on how the livelihood of the small holder farmers could be improved. That is how their income is enhanced. Whereas what motivates the breweries is how sustainably they can get the malt barley and keep being profitable in their operation, our focus is how the breweries will benefit the small holder farmers sustainably. In general, we participate in dialogues that involve the issue of small holder farmers” (NG4).

This quotation implies that the companies wish to align their CSR with their core business. This is in line with the idea that international companies are devising ways to strategically link their CSR with their core activities and businesses in their effort of managing their businesses and earning the “license to operate,” moving from a public affairs’ concern to a core strategic activity (Kolk & Van Tulder, 2010).
Another respondent commented,

“Our NGO partners with one of the breweries and it works intimately with us. We have discussions and meetings with the brewery. Even when the brewery that we work with develops its annual budget, it does so after discussing with us about our programs and projects as supporting our programs and projects is part of its budgetary expenditure. Even the management of the brewery checks upon us whether we had a budget deficit from the previous year with the intention to reinforce the budget they have for us. Our relationship is more than just dialogue-based. We are working together. We have consultative meetings, and the company does support us in many forms, and it even takes the initiative to make our services available in different parts of the country. They come up with ideas of how to support communities even before we ask them to do so” (NG7).

1.7. The NGOs Concerns Regarding the Brewery Sector

The last question inquired whether the NGOs have concerns over the breweries. As a result, it is indicated by all the respondents that there are serious problems in the brewery sector with respect to: (a) advertising practices, (b) responsible drinking and responsibility messages, and (c) labels and consumer information. Moreover, some of the respondents have pointed out that the breweries are not engaged in robust environmental protection activities, and there are complaints over low prices from farmers in a specific part of the country where the farmers supply their malt barley to one of the breweries. Further, results show that there are speculated fears that are associated with the sector such as fears of risk of an alcoholism problem gradually creeping into local communities. Finally, there is fear of an increase in intoxication induced crimes.

As to the problem that relates to the advertising practices in the brewery sector, findings show that the brewery sector is known for its aggressive, over-appealing and indiscriminate advertising of its products through all available outlets. It was discovered that the adverts are massive and indiscriminate and that children are exposed to them. There are posters and adverts everywhere. Such uncontrolled advertising practices of the breweries made the youth
highly exposed to drinking, and it is threatening the culture of restraint on alcohol consumption in the country. One respondent commented,

"The advertising by the breweries is too much. It's aggressive. What's all being advertised in TV, newspapers, and radio is beer, beer, and beer. Our children are growing up watching beer adverts. Not only on TV, radio and newspapers, one can also look around in the towns and cities, the buildings and all corners of the places are covered with beer advertising. That is dangerous not only to our children and young generation, even to adults as the aggressive advertising led up to increased beer consumption. You see people drinking starting from sun rise to sunset. This was not so a few years back” (NG2).

Concerning issues of responsible drinking and responsibility messages, it was revealed that the breweries still have homework to do with regards to inculcating and creating awareness about responsible drinking. It was indicated that there is a significant number of drinking and driving problems with accompanying road accidents. In addition, it was disclosed that responsibility messages are not emphasized, and the breweries have to take the initiative to coordinate with the law-enforcing unit to the effective implementation of the minimum age requirement for alcohol consumption. The following are typical comments in this regard,

“The breweries should not focus only on production and activities that augment the production process. Their thrust should not only be maximizing production and fighting for market. As they are producing alcohol, the breweries have an enormous responsibility on their shoulder to educate the public about risks involved in consuming their products. In simple words, since beer is an alcoholic drink, the breweries should engage in awareness boosting education about it. Observation shows the number of people drinking beer is shooting up in the country. When their production and sales increase, besides its marketing gains that is an indicator for the breweries to think about the necessity to galvanize the notion of responsible drinking to their communities. This is the weakest link of all among the breweries. Given the rapid expansion of the breweries, their tantalizing advertisements, the price wars they employ, and their grappling for maximizing market share, unless the breweries
commit themselves to educate the public, especially the vast young population that’s now highly attracted to beer at this early stage, I have fears that the breweries may cause alcoholism and alcohol-related social health problems shortly” (NG3).

“I have worries that if responsible drinking is not promoted along with the aggressive selling strategies of the breweries, crime rate will increase. Moreover, unless the breweries are not working strongly towards CSR, their negative impact will definitely out-weigh their contribution. Let us not forget that they are producing alcoholic drink, after all. So, that is why they need to balance this by having a positive impact on the society. They still have more to do by putting part of their profit to take up social investment to support social development efforts. That could be one way how they can balance” (NG5).

With reference to the problems of labels and consumer information, results reveal that the breweries provide no health warning labels, and the existing labels are generally described as insufficient and poor. In other words, the breweries are criticized for insufficient consumer information. A typical comment follows,

“With respect to consumer information, it is true that the labels are not sufficient. Perhaps, the breweries do not do more in this regard because the customers do not demand their rights and are not even aware of their rights. But the breweries have to be criticized for this as they do not provide enough labels on the products” (NG7).
1.8. Summary

This section highlighted the interview results with selected NGOs (both local and international), which have working relationships or have knowledge of the activities of the breweries in the study setting. The results mainly uncovered specific topics including how CSR is understood among the NGOs and the NGOs evaluation of the contribution of the breweries to the society, their CSR commitments to improve the livelihood of their respective local community, their commitment on environment protection, suggested improvements on what the breweries may have to do towards their respective local communities, and apparent concerns that the NGOs have over the breweries.

In terms of how CSR is understood among the NGOs that have been part of the study, the common understanding is that CSR is an approach, a strategy, and a way of promoting business by engaging in activities that address social and environmental challenges.

With reference to the NGOs’ general evaluation of the contribution of the breweries to the society, the NGOs positive assessments include the contributions that the brewery sector has towards small-scale barley farmers by establishing market for the farmers. It contributes to economic development through injection of capital and paying taxes, skill and technology transfer, creation of employment opportunities, and increased competitiveness with increased variety of products. Meanwhile, the NGOs have pointed out that the breweries need to do more in terms of promoting and instilling the idea of responsible drinking, they may have to strive to work on addressing issues that relate to the aggressive advertisings that they do.

Specific to the contribution of the brewery sector to the local farmers, the NGOs affirmed that the brewery sector has a tangible contribution to small holder farmers through working closely with small holder malt barley farmers in the local context. The breweries provide the farmers improved seeds quality seeds and fertilizers, introduce modern technology to the small holder farmers, assign agricultural extension workers, facilitate access to credit to poor farmers, facilitate transportation of the farmers’ harvest, and pay premium prices to malt barley growers. In addition, it was confirmed that the brewery sector takes part in several CSR projects that are designed to address social problems in the country. Moreover, in terms of environmental protection activities of the breweries, the interview results with the NGOs affirms that the major activity that the breweries perform in this regard is the use of modern
waste water treatment plants to treat their effluents, but the NGOs shared their worries that the energy and water use of the breweries still remain unaccounted for.

Regarding suggested improvements on what the breweries may have to do towards their respective local communities, there are sector specific and non-sector specific areas of interventions pointed out by the NGOs. The major sector specific activity that deserves attention is more integration with farmers that calls for the breweries to commit themselves to grass root levels to build the capacity of the small holder farmers. The suggested non-sector specific activities are: improving access to clean water and health services, participate in addressing environmental problems that require reforestation and restoration of degraded areas, fight against extreme poverty, joblessness, drug abuse and rehabilitation, supporting the development of the education sector, donation of books and teaching aid materials to rural schools, and community development programs that target children, women, older persons, and persons with disabilities.

Finally, the NGOs have disclosed their concerns over the breweries. Their concerns include: the breweries employ aggressive, over appealing and indiscriminate advertising of its products through all available outlets, it exerts insufficient efforts to promote responsible consumption, the sector is characterized by poor labels and consumer information, and it lacks robust participation in environment protection activities.

Hence, the findings above indicate that there are appealing activities that are undertaken in the brewery sector such as working closely with local farmers to build the capacity of the farmers and create market access to the farmers. However, in terms of environmental protection, there is lack of a structured approach to environmental protection activities among the breweries.
Analysis of Interview Results – Farmers

This section presents a part of the results of the empirical study, which is uncovered based on interviews with the farmers that cooperate with the breweries. The study conducted in-depth interviews with farmers who are supported by the respective brewery. Except for Case #1, the breweries work closely with the farmer communities, particularly by engaging the barley-growing farmers in various parts of the country. However, based on the data obtained from the managers of Case #1, even though there is not a defined group of farmers that the company works with on a long-term base, it was found that there are some farmer-oriented CSR activities that the company undertakes to farmers here and there in the country. One of these practices is the “Country Fair” program that is considered by the company as a key platform to engage itself with the farming communities. With this “Country Fair” program, the company takes tours, even to remote rural areas, to meet farmers and hold dialogues and to have discussions with them. It uses this platform to educate and sensitize farmer communities about health issues, such as HIV prevention and care; to discuss with the farmer communities, to educate them to inculcate the idea and benefits of the competitiveness in the farming sector, the company encourages the farmers to be competitive and to improve the quality and quantity of their crops so that they can generate a higher income and improve their livelihood; and it also distributes small agricultural tools for the farmers for encouraging and motivating them. The following sections will present the interviews results of the farmers that cooperate with the respective case companies, mainly Case #2 and Case #3.

1.1. Interviews with Farmers – Case #2

This particular company works with smallholder barley farmers who operate in different barley growing areas in the country. This empirical study conducted in depth interviews with three farmers that work in cooperation with the company. The empirical study unveiled the type of relationship that the farmers have with the brewery and forms of support that the farmers get from the brewery. For the ease of the analysis the respondents are identified as F1, F2, and F3. The interview schedule with the farmers contained the following questions: (1) What do the companies/the brewery sector do to enhance the farmers’ productivity and welfare? (What support did the farmers get from the company?), (2) In what way did the farmers benefit from working with the company/the brewery sector? (3) How does the organization assists the farmers in identifying, publicizing and rewarding greener alternatives to inputs (such as improved quality seeds, fertilizer, etc.) inputs? (4) What efforts does the
bCategory of the brewery exert in environmental protection activities in and around your farming areas? (5) Which problems occur in the farming areas and what assessment is made in this malt barley growing areas by the company or the brewery sector? (6) How is the company/the sector’s interaction with nature? Are there any positive or negative impacts? (7) How does the brewery assist the farmers in optimizing transportation? (8) What efforts does the company make to reduce the farmers’ packaging cost? (9) What concerns do the farmers have about the activities of the brewery that they work with, and (10) what else do the farmers expect from the company in their business relationship? The next section highlights the findings of the study in line with these interview questions.

Support that the farmers get from the company to enhance the farmers’ productivity and welfare

In investigating the forms of support that the farmers get from this particular brewery, the respondents have identified that the most important one is the market access created by the brewery to the small-scale farmers; the brewery is the single biggest buyer of their barley harvests in their respective area. The farmers informed the researcher that the brewery represents a vital market link for them to sell their barley. Apart from this, the interview result with the farmers shows that the brewery subsidizes the price of the improved quality seeds that the farmers use as the major ingredient for their barley harvest. The respondents noted that the brewery covers the portion of the price of the improved quality seeds in excess of Birr 1500 per quintal. In view of this, the farmers disclosed that prices usually exceed Birr 1700, and that the part of the price in excess of Birr 1500 is always paid for them by the brewery irrespective of the amount of quintals of improved seeds that the barley farmers wish to buy. The farmers indicated that such commitment of the brewery to subsidize the price of improved quality seeds encouraged them to keep working on their barley farms. Moreover, the farmers reported that the brewery pays visits to their barley farmlands, and with these visits, its experts provide comments and advice on the state of the farmers’ crops, and the experts forwards suggestions to the farmers on what needs to be done to have a better productivity. In other words, the farmers indicated that the brewery visits their farm sites for monitoring and advice.

Further, the farmers confirmed that the brewery has hired agricultural extension workers at the Woreda level (District level) and these extension workers provide the farmers, albeit limited, agronomical support. Moreover, the farmers indicated that the brewery also provides
some training to farmers’ representatives and the farmers’ leaders from their cooperatives during harvest seasons that educates them how to properly harvest the yields and properly transport it to the collection centers of the cooperatives. However, the farmers did not fall short of mentioning that the brewery’s commitment in providing them training and agronomical support still remains insufficient.

**Benefits that the farmers get from working with the company**

In exploring the specific benefits that the farmers have got from working with the brewery, the farmers maintained that since their relationship with the brewery is predominantly market-based, as such the typical benefit is the access to the market created by the brewery. They reiterated that the brewery serves as a market link to their barley harvest. Further, the farmers pointed out that the brewery’s intervention to subsidize the price of the improved quality seeds is the other major benefit that they have received from the brewery. One farmer said:

“The most important contribution is access to the market created by the brewery to our barley harvest. We have an established market to sell our barley. The brewery is the buyer of our barley. The price subsidies that the brewery grants to the price of improved quality seeds are also commendable” (F2).

**The company’s assistance to the farmers in identifying, publicizing and rewarding greener alternatives to inputs**

Concerning the brewery’s commitment to assist the farmers in identifying, publicizing, and rewarding greener alternatives to inputs, the interview information that is obtained from the farmers discloses that the brewery does not support them to such extent. They have maintained that they get most of such support from a local NGO and the regional agricultural research center. One respondent mentioned the following regarding this specific question regarding the assistance that the brewery extends to the malt barley farmers in identifying, publicizing and rewarding greener alternatives to inputs:

“The brewery does not work closely with us in this depth. It is rather those other institutions [a local NGO and a regional agricultural research center] that help us and train us on land preparation, row planting, use of fertilizers, use of pesticides and herbicides, weeding, and other necessary
agricultural practices mainly on our potatoes farms which are of interest to those institutions. We will be glad if the brewery also provides us such similar support for our barley farming, as it is highly interested to have our barley” (F1).

**Efforts that the company makes in environmental protection activities in and around the farming areas**

With reference to the environmental protection activities that the brewery undertakes near the farmlands, the farmers have unanimously confirmed that the brewery undertakes no environment protection-related activities in their areas. The farmers have also shared their opinion that their local area is environmentally conducive; they stated that they have no environmental problems such as soil erosion or other serious environmental problems. The farmers indicated that this barley growing area has a temperate climate zone with fertile land and they have sufficient rain to cultivate their land. The interview response also contained a further opinion from the farmers such as that environmental protection activities do not seem to be an immediate concern in their area, because there are no pressing environmental problems in their local setting given the favorable, natural, environmental conditions. Moreover, the farmers indicated that the brewery is much more concerned in creating access to the market for the barley farmers; its participation in other aspects of the farming activities is limited.

**Assessment of problems in the barley growing areas by the company**

In exploring the question of which problems occur in the area and assessments considered in the malt barley growing areas by the brewery or its respective sector, the farmers affirmed that there are no mentionable natural or manmade problems in their respective area that hampers their farming activities. They uphold that the area is one of the best barley growing areas in the country, with a favorable climate. Nonetheless, the farmers have indicated that the unexpected climate change that is caused by El Niño disaster, which happened recently (by the end of 2015) and hit most parts of the country recently, has affected some farmers in the area. The farmers disclosed that such an event is a rarity in their area, and it is too early to converse about interventions taken or need to be taken by the brewery on such catastrophic events.
The company’s interaction with nature

Regarding this question, the farmers’ viewpoint is that the brewery’s activities do not interfere with nature, such as parks, zoos or protected areas. The farmers confirmed that they have not seen such interference by the brewery. In connection, they confirmed that the brewery’s plants are located even far away from their farmlands and the brewery does not threaten to take over their lands.

The company’s commitment to assist the farmers in optimizing transportation

With reference to the approach that the brewery applies to optimize transportation of the barley from the farmers’ place to its destination, it is affirmed by the farmers that they still have to use their own means of transportation to move it to the farmers’ cooperatives office, where they unload their barley. Then, from that point on, it is the responsibility of the brewery to collect the barley from the farmers’ cooperatives. In other words, the farmers stated that it is their responsibility to pay for transportation and to move their barley to the warehouses located at the headquarters of the farmers’ cooperatives. The cooperatives’ headquarters are the selling points where the farmers sell their barley to the brewery.

Efforts made by the company to reduce packaging costs in its business relationship with the local farmers

Regarding commitments taken by the brewery to reduce packaging costs of transactions it has with the farmers, the farmers uphold that the brewery does a lot more than just buying the barley from them. They uphold that they use their own packages to move the barley to the headquarters of their respective farmers’ cooperatives. The farmers pointed out that up until this point it is their responsibility to do the packaging and transport of the barley, whereas once the barley reached the cooperatives’ headquarters, the farmers unload their barley and take away their packages (sacks). Afterwards, the unloaded barley gets packed in the brewery’s packages in order to be transported to its destination.

Farmers’ concerns regarding the activities of the company

Regarding conditions that the farmers are concerned with while working with the brewery, they have identified a number of concerns; mainly (1) unsatisfactory barley price, (2) lack of recognition as individual farmers, and (3) lack of robust agronomical support from the brewery.
First, regarding the price, the farmers bitterly complained that the payment that they get from the brewery for their barley is unsatisfactory and discouraging. They have even indicated that the price is too discouraging that it provokes them to shift to growing some other types of crops next to the barley. The following was a typical grievance of the farmers:

“We are not happy with the price that we receive from the brewery for our barley. Most farmers are now getting discouraged for the unfair price and are about to shift to growing other crops in place of barley. Most farmers are contemplating to grow other crops such as wheat and potatoes which bear much more yields per hectare with less work” (F1, F2, F3).

Second, concerning lack of recognition, the farmers complained once more that the brewery does not recognize them at an individual level; they feel that they are not taken seriously. As such they are upset by the fact that they cannot sell their barley directly to the brewery, the deal is between the brewery and the farmers’ cooperatives, and they emphasized that they wish to bargain directly about the price with the brewery as the price deal that their cooperative sets with the brewery has always been a disappointment to them. One farmer expressed the following in this regard:

“The brewery does not work and discuss issues closely with the individual farmers; it just keeps its ties with the cooperatives. We expect the brewery to work at grass root level by approaching and discussing with us [the farmers]. We do not even negotiate the price directly with the brewery, we need to be recognized individually, and negotiate the price by our own” (F3).

The final concern that the farmers underscored relates to the lack of robust commitment by the brewery to build the capacity of the farmers. Their typical perspective is that the brewery does not support them well in their agricultural practices. They complained that the brewery only performs as the buyer of the barley that they produce, whereas they still expect from the brewery to work closely by providing them robust agronomical support involving training and technical assistance. One farmer said the following in line with the former complaint:
“There are some other commitments we expect from the brewery such as providing us training and bringing us improved quality seeds like other breweries do in other parts of the country. We expect the brewery to work more closely with us apart from subsidizing prices of improved quality seeds and buying our barley” (F1).

Farmers’ expectations from the company in their business relationship

Regarding the question of what else the farmers do expect from the brewery they work with, the farmers have clearly indicated that they expect the brewery to pay them better price for their barley as the current price they receive from the brewery is unsatisfactory given the tiresome work and the expenses they incur for fertilizer, improved quality seeds, pesticides, and labor to grow their barley. Further, the farmers maintained that the brewery is expected to work closely with the farmers and it should not play a buyer role only. Accordingly, the farmers stressed that they call for the brewery to provide them rigorous agronomical support that transcends occasional field visits made by the brewery. In essence they require the brewery to bring them better quality improved seeds, and provide training and agronomical support to the farmers if the brewery has to sustainably source barley from local sources.

1.2. Interviews with Farmers – Case #3

This particular company works with small-scale barley farmers who operate in different barley growing areas in the country. This empirical study conducted in depth interviews with three farmers that work in cooperation with the brewery. The empirical study unveiled the type of business relationship that the farmers have with the brewery and forms of support they get from the brewery. For the ease of the analysis the respondents are identified as F4, F5, and F6.

Support that the farmers get from the brewery to enhance the farmers’ productivity and welfare

In exploring what support the farmers get from this particular brewery, the interview response with the farmers revealed that there are various forms of support that the farmers receive from the brewery ranging from input assistance to market opportunities. The farmers indicated that the company has facilitated for them access to credit, which are basically loans, to buy inputs such as fertilizers for their farming activities. They also get improved quality seeds from the brewery on a credit basis; the farmers uphold that the yields of the improved
quality seeds are very high. They shared their experience that they have even managed to produce over 13 quintals of barley from 45 Kgs of improved quality seeds that they have received from the brewery. Moreover, the interview result shows that the brewery has offered them market opportunity to sell their barley harvest. In view of this the farmers affirmed that they get attractive prices, which are much higher than market prices, for the barley they sell to the company. Further, it is disclosed by the farmers that the company, along with its business partners, provides them agronomical support, training opportunities and business advice. More specifically, the farmers noted that the agronomical support and training focus on improving the productivity of their farmland. The supported activities include row planting, controlling and winnowing out weeds, herbs, and unnecessary seeds, improving the quality of harvest, and other agricultural activities; whereas the business advice relate to creating awareness among the farmers to be business-oriented.

**Benefits that the farmers get from working with the company**

In assessing the benefits of working with the brewery, the farmers who participated in the interview uphold that the specific benefits they derived are that they now have a great level of certainty on the availability of the market for their barley for a promising price, whereby this particular brewery they work with is the buyer of their barley. The farmers indicated that the brewery provides them an attractive price that is much higher than what the market used to pay them.

The farmers also acknowledged that the agronomical support that they get from the brewery helped them improve their productivity significantly. In addition, the farmers disclosed that through the training they get from the brewery they get valuable knowledge and skills that provides the farmers both intangible benefits such as building up their competence, and tangible benefits that are translated into improved productivity.

Further, the farmers maintained that the input credits that they get from the company has also made farming easier, because they assert that they get loans/credits from the company to buy the necessary inputs such as improved quality seeds and fertilizer. They are supposed to repay the loan later on once they harvest and sell the barley. The farmers insisted that such assistance from the brewery is also a source of motivation and confidence to keep up with their barley farming. One farmer gave the following testimony regarding the benefits he derived from working with the company:
“We [farmers] have obtained both tangible and intangible benefits as a result of working with the brewery. The tangible benefits are those including the attractive price, improved quality seeds, and input credits that we receive from the brewery; whereas the intangible benefits are training and knowledge transfers we get from the brewery, which are worth more than money. There are more of this such as the peace of mind to be certain that there is a market for our barley, peace of mind that we do not worry about lack of cash for buying inputs such as improved quality seeds and fertilizers, because we know that even if we have a lack of cash, the brewery gives us input credit, and that is a peace of mind in itself” (F5).

The company’s assistance to the farmers in identifying, publicizing and rewarding greener alternatives to inputs

With this respect, the farmers stated that the brewery, along with its partners such as NGOs, provides them continuous training and agronomical support that relates to good agricultural practices such as land preparation, row planting, effective use of fertilizers, pesticides, and herbicides. In other words, the farmers indicated that they get training and practical demonstrations on how to prepare their farmlands, how to deal with herbs and weeds, how to plant in a row, how to use fertilizers, and how to use pesticides and herbicides. They further pointed out that, formerly, most of their farming activities were based on traditional knowledge, whereas now the training and technical assistance they receive from the company and its partners equipped the farmers with better knowledge and skills, and their awareness is improved on better farming practices.

Efforts that the company makes in environmental protection activities in and around the farming areas

Concerning environmental protection activities that the brewery undertakes in the surroundings of their farmlands, the farmers revealed that they have not experienced robust environmental protection activities being carried out by the brewery recently, particularly since the brewery is acquired by the foreign firm. The farmers insisted that tree-planting activities were seriously carried out by the brewery, before it was sold out to the foreign company. After the acquisition, however, the farmers maintained that they have not seen such environmental protection activities being carried out by the current brewery.
Assessment of problems in the barley growing areas by the brewery

In exploring the question of which problems occur in the area and assessments considered in the malt barley growing area by the brewery or its respective sector, the farmers declared that there are no major problems related to their farming activity. The farmers shared that they have terraces to prevent erosion, the soil is fertile and the farmers have sufficient rain for their agriculture. In other words, the farmers stated that there exists no major environmental problem in their area; they claim that they have a good climate for their farming activities; they depend on the rain for their farming activities, and they get ample rain in the farming season. Nonetheless, the farmers have indicated that despite the favorable climate for agriculture in their areas, they experience lack of access to clean water in their area. They mentioned that even though the brewery has already implemented a project to improve the access to clean water to the locals, the demand for access to clean water still surpasses the supply. In view of this the farmers suggested that it would be very useful if the company implements more of such projects.

The company’s interaction with nature

With respect to the company’s interaction with its surroundings, the farmers noted that there exists no severe destructive interaction between the brewery and the ecology. The farmers disclosed that brewery has its own turf, and it uses its own water source and operates within its compound. As a result there is no serious interference with the ecology. In other words, the farmers expressed that the brewery has its own territory that has physical boundaries of mountains, forests, and grooves as well as water resources. Outside this territory are the local community and the farmers. The farmers maintained that they did not have witnessed unwanted interaction between the brewery and the rest of the surroundings except for rare incidents of release of untreated water containing chemicals.

The brewery’s commitment to assist the farmers in optimizing transportation

With regard to the brewery’s commitment to optimize transportation of the barley, the farmers indicated that they are responsible for delivering the barley to their respective cooperatives, and then the brewery collects the barley with its own vehicles to transport it to the desired destination. It is the farmers’ responsibility to transport their barley to the headquarters of their cooperatives.
Efforts made by the company to reduce packaging costs in its business relationship with the local farmers

Regarding commitments taken by the brewery to reduce packaging costs with transactions it has with the farmers, the farmers uphold that they mostly use their own packages to store and transport the barley; nonetheless there are limited supplies of packages from the brewery. However, the farmers shared that they are aware that the company has completed its preparation to distribute company sacks that contains company’s logos to all the farmers who work on a contractual basis with the brewery, and they disclosed they will get it shortly.

Farmers’ concerns regarding the activities of the company

The farmers pointed out some critical worries that the local community complains about the brewery. One instance the farmers indicated is that there are other farmers who complain that the brewery discontinued its support after one round of working with them, and those farmers complain that they have no idea what happened that made the company discontinue its support. Another concern is that the company promised the local community to open school(s) but this did not materialize yet. There are also other complaints made by the farmers that the local brewery was much more sensitive to environmental protection activities and for being caring for the locals living nearby, whereas the new foreign firm is not that much caring for the environment and the community.

Moreover, the farmers indicate that they have a critical worry over a recent incident that killed a number of livestock due to the waste release of the brewery. The farmers expressed in frustration that the chemicals released from the brewery poisoned the river that their cattle drink water from, and they mentioned that the local community has applied the incident to the police and the case is under investigation. Further, the farmers, as members of the local community, also underscored another disappointment that relates to the unfair termination of hundreds of jobs by the company following the acquisition. The farmers complain that their children who used to work in the brewery got their jobs terminated when the new company acquired it. They testify that hundreds of locals have been displaced from their jobs without proper payment. One farmer said the following in line with the later point:

“I have a cousin, whose job is terminated when the brewery is acquired by the foreigners; he served the company for 12 years, but was forced to leave his job with compensation worth about only 10 times his monthly salary. Due to such severe decisions, the local community is not happy
about the brewery, and they do not seem to cooperate with the brewery if bad things happen to it, as such if the company caught fire, no locals will rush to help due to the disappointments they have” (F4).

**Farmers’ expectations from the company in their business relationship**

Regarding the question of what more the farmers do expect from the brewery, they indicated that they expect the brewery to keep up supporting the farmers that it works with currently, and continues working with other farmers in their area that the brewery was working with once in the past before it was acquired. Further, the farmers have maintained that they are also concerned as a community living nearby the brewery, and call upon the brewery to commit itself on more environmental protection activities such as in tree planting programs that the previous local company was famous for. In addition, the farmers uphold that the brewery should learn to be sensitive to the locals and the environment. They suggested that it is advisable if the company also takes part in other social dimensions such as expansion of schools and health service facilities in their areas, as these are some of the social services that they and their children lack. Otherwise, as farmers currently working with the company, they stated that they are happy with the support they get from the brewery.
1.3. Summary

This section illustrated the interview results with the farmers that two of the case companies, namely Case #2 and Case #3, work with. Since Case #1 does not work closely with a defined group of farmers, the findings illustrated only interview results with the farmers that work with the remaining case companies. Accordingly, it was found that there are various CSR activities that the three of the case companies are undertaking towards the farmers. However, there is also a variation in the degree of support that the breweries provide to the farmers. The following sections provide the summary in this regard.

With respect to Case #2, the findings reveal that the brewery mainly acts as the most important buyer of barley from the local farmers. The brewery’s major contribution is creating access to market for the local farmers and subsidizing the price of improved barley seeds. Except for these contributions, the brewery is found to be less committed especially in terms of providing robust agronomical support to the local barley farmers. The farmers have put their pledge on the table to see the brewery work at a grass root level to improve the productivity of the farmers. Moreover, even if it is the single major buyer of barley from the local farmers in the area, the price that it offers to the farmers is not worth their effort and the cost incurred to grow the barley. The farmers expressed their disappointment with the price that the brewery sets for their barley.

Regarding Case #3, it was found that the brewery provides the farmers, mainly those which the company works with on a contractual farming strategy, the necessary support such as input credit, improved quality seeds, agronomical support, business advice, and it is also the buyer of the farmers’ barley, which provides the farmers access to market. It is also found out that, based on the opinions of the farmers; the brewery pays attractive prices to the farmers. Similarly, the farmers have appreciated the agronomical support and training they get from the company that helped improve their productivity. They asserted that the training and agronomical support that the brewery provides them on the use of fertilizers, pesticides, and herbicides; as well as weeding and row planting are very helpful to boost their productivity. Even if the farmers are satisfied with the support they get from the brewery, they did not refrain from pointing out critical concerns that they have such as their cattle getting killed due to a release of poisonous chemicals, terminations of local employees from their jobs without sufficient compensation, and discontinuation of support to farmers that the company was working with in the past as well as with some farmers after having just one round of support.
to them, which caused feelings of abandonment among farmer communities. Further, the farmers have complained over unfulfilled promises by the company such as the unmet promise by the company to open a school in the local area, and they have also hinted that the new company is less sensitive to the environment and the local community compared to what it was used to be before the acquisition.
Analysis of Interview Results – Academics

This section presents part of the results of the empirical study, which is uncovered based on interviews with the members of the academic community in the local setting. The respondents were chosen based on the awareness that they have regarding the subject of the study; they have teaching and research experience in the field of CSR. Accordingly, interviews were conducted with four academic staff from three different universities; i.e.; two respondents were selected from Addis Ababa University, and one respondent each from Mekelle University and Haramaya University. For ease of analysis the respondents are identified as A1, A2, A3, and A4. The interview schedule with the academics contained questions that explore (1) how CSR is understood among the academic community, (2) their perception about the presence and operations of the breweries, (3) the respondents’ evaluation of the brewery sector for its CSR practices, (4) suggested improvements pertaining to what the breweries are doing for their respective local communities, and (5) concerns over the brewery sector. Moreover, it is worth to note that the interviews with the academics focused on their assessments of the CSR practices of the brewery sector in Ethiopia in general.

1.1. Assessment of the Academics’ Understanding of CSR

In line with the assessment of how CSR is understood among the academic community, the respondents have shared their understanding of CSR expansively. A variety of ideas were revealed, including: CSR is the responsibility that businesses bear and have to discharge to the society and the environment; it is a business organization’s sensitivity to the society, and it is good corporate citizenship. It is maintained by the respondents that CSR deals with a business’s responsibility to give back to the society for what it takes in from the society and the environment. More specifically, the respondents indicated that CSR responsibilities of businesses span over the entire supply chain, starting from the production to the market point. Some of such specific responsibilities that are indicated by the respondents include proper waste management, nurturing the environment that the businesses get their resources from, fair price, healthy products, responsible advertising, providing necessary consumer information, and helping communities improve their living standards. Typical responses were:

“My understanding of CSR is based on the notion that the business’s relationship with the environment and the society should not be
exploitative. It is an obvious reality that businesses take a whole lot from the society and the environment, thus they also have at least a moral obligation to give back; it is this understanding that’s called CSR. The business’s relationship with the environment and the society should not be exploitative. Businesses have responsibility to share a portion of their earning with the environment and the society” (A1).

“Businesses depend on the society and the environment for their survival and growth. Thus as much as they depend on the society and the environment for market and resources, they have to balance their impact on the environment and give back to the society. The relationship between businesses in one hand and the environment and the society on the other hand, must be based on a win-win situation” (A4).

Still assessing the academics understanding of CSR, the study results further show that CSR is understood as a broad and comprehensive issue that encompasses business organizations’ sensitivity to the society. This involves being responsive to the society’s cultural values, economic facets, ethical duties, and environmental considerations. It is also indicated that CSR relates to being a good corporate citizen. In essence, corporations are part of the society, and the corporations have to view themselves as such as citizens, and thus they have to give back to the society. Moreover, it is indicated that CSR is what businesses do proactively and reactively to address social and environmental problems in the territories that they operate. The following is quoted from the respondents in line with the latter ideas:

“….modern businesses are considered as corporate citizens. And as citizens businesses are expected to be good corporate citizens, which entails that businesses have legal responsibilities to be good to the public. They need to comply with local, national, regional, as well as international regulations. It is not only adhering to those laws, but also promoting compliance to those laws in their respective industries and territories that they operate” (A2).

“Corporations are part of the society, and they have to view themselves as such as citizens, and thus in a way they have to give back to the society. They are not acting in a vacuum. They are rather part of the
Appendices

society and depend on the society, so they have to give back to the society in different forms” (A3).

1.2. The Academics’ Perception about the Presence and Operations of the Breweries

In exploring the academics’ reaction about the presence and operations of the breweries and their contribution to the society and the environment, the respondents revealed both the advantages and disadvantages associated with the presence of the breweries. The positive contributions are identified to be the breweries are undertaking exemplary and pioneer CSR practices that are transforming the sector as well as the business landscape of the country. For example, it is maintained that the commitment of the Ethiopian beer industry to CSR has improved, particularly with respect to introducing responsibility messages. The respondents indicated that communicating responsibility messages was never a tradition in the brewery sector. More so, it is noted from the interviews that the sector is doing a commendable practice in terms of its commitment to backward integration in the supply chain, to work with farmers to sustainably source part of their raw materials and improve the living standard of the local farmers. It is also underscored that the brewery sector has currently managed to provide additional varieties of beers with better quality unlike the limited number of beer products available in the past. Moreover, it is underlined that the brewery sector is engaged in community development activities such as in the health sector and providing access to clean water to local communities.

The negative aspects that are pointed out by the respondents include that the brewery sector engages in too much, too aggressive and too tempting advertising. The respondents pointed out that there is also a very strong competition going on among the breweries that aims at expanding market share and reaching out larger territories across the country. This way, the respondents reiterated, a number of people including the youth are attracted to beer consumption. That is according to the views of the respondents, even in a recent past there was not massive beer consumption, especially not too many young people were observed drinking beer. But recently, the respondents shared that partly due to the advertising and aggressive promotion of beer by the breweries; it is observed that there is unprecedented number of beer consumers including young people.

More specifically, there are further criticisms that the respondents outlined regarding the brewery sector. One of the criticisms is that the way the breweries communicate their
responsibility messages is like the ones that are done in a more aware society such as in the developed world; in spite of the fact that awareness of responsible drinking in particular and corporate social responsibility in general is poor among the society in the local setting. Illustrating the lack of awareness about CSR in some of the local areas, one respondent shared:

“….strange things happened in the recent past, and it was that one of the breweries was planting trees in one of the nearby mountains that the brewery has its plant in order to address its environmental responsibilities, but the local communities were not so happy about it fearing that the company will eventually take over the area in and around the mountain. The local communities felt that the brewery’s attempt to plant trees on the mountain was a move to expand its territories” (M4).

Another respondent added:

“…awareness building about what a socially responsible business is like must be done. In fact, I am not suggesting that it is the responsibility of the breweries to do that, but at national level or sectoral or industrial level something needs to be done to develop such consciousness. Even at the government level, what is going on is encouraging foreign investors to invest in the country. The aim is to attract as many foreign companies as possible, but with not enough concern about the business model of the foreign investors. The governance mechanism of the foreign investors for their social and environmental contributions is not emphasized” (A2).

Moreover, it is disclosed that the breweries present their product as a necessity or basic consumption commodity to the society. The advertising and other promotion efforts of the breweries are explained by the respondents as aggressive and are designed to entirely convince the society to accept their products as a staple item. They retorted that breweries position their product as a mass commodity for all. The respondents argued that children and youth deserve protection; and they should not be enticed to beer consumption. Moreover, it is pointed out by the respondents that in a country where there is weak awareness about responsible drinking, the aggressive promotion campaigns by the brewery sector have enticed a large number of people including the youth to beer consumption. The respondents reiterated
that this is also like adding a fuel to a country where there is a serious problem of traffic accidents due to drunk driving. It is maintained that drunk driving and associated accidents are a pervasive problem, but not much is done by the breweries to reduce the regular road accidents caused by drunk drivers mainly in the capital, Addis Ababa and the country at large. One respondent expressed the following regarding the promotional/advertising campaigns in the brewery sector:

“Our promotional campaign is tailored towards the mass. They make no serious discrimination on their advertisements to protect some segments of the society such as children. Children and the youth are equally exposed to their aggressive advertising as are adults. They are producing alcoholic drink, and they must be careful while they position their product. Not every person is to be considered as one and the same in promoting an alcoholic drink; there are segments of the society that deserve protection from exposure to alcoholic drinks” (A3).

Further, the academics criticized the brewery sector for its unsustainable use of water resources in the local area. The respondents indicated that the breweries consume too much water, mostly the source is underground water, and they do not recycle water. To make things worse, the respondents indicated, most of the breweries are located in water distressed areas in the country, where the local communities have severe water shortages, and the breweries are not doing anything meaningful to develop or nurture the water resources of the areas that they operate in. The respondents reiterated that the breweries are continuously damaging the environment due to their very large amount of water consumption, which largely remains unaccounted for. One respondent expressed:

“I live and work in one part of the country where one of the breweries is located. This company has always been depleting the water resources of the local area and the water resources are declining. The company does not undertake any form of water conservation activities to develop the area’s water resources. It takes the water from the same underground sources that the local farmers depend on for agriculture. The way the brewery consumes the underground water from the local area is unsustainable. It is continuously damaging the environment” (A4).
1.3. The Academics’ Evaluation of the Brewery Sector for its CSR Commitments

In view of the academics evaluation of the brewery sector for its CSR practices, it was found that as the brewery sector of the country in its current form hosts some international companies which have a significant global reputation and experience, that make a positive contribution to the development of business and the way business is done in the country. The respondents indicated that the companies are changing the business landscape of the country by introducing more socially responsible initiatives. The respondents disclosed that knowledge and skill transfer and experience sharing that the companies in the brewery sector bring about have a significant contribution not only for their respective sector but also for other sectors in the country. One respondent said the following in this regard:

“These businesses in the brewery sector can even contribute in changing the business mentality or business thinking in the country by instilling the very idea of sustainability and long term profitability. Most businesses in the country did not have the sustainability approach. In light of the business model of the companies in the brewery sector, others will reevaluate their business model; and that will ultimately change the business landscape of the country” (A2).

Nonetheless, the academics’ overall assessment upholds that the proportion of the breweries’ CSR commitments in the local context vary from one company to another. The respondents noted that some are highly involved in some aspects of CSR that others are less involved. In view of this, the academics suggested areas of intervention. Accordingly, the respondents indicated that the companies may have to work more on community development programs and focus more on systematic CSR programs that could help improve the livelihood of the majority of the people instead of focusing mostly on haphazard sponsorship activities. One respondent shared the following in this regard:

“The companies may have to work harder on more meaningful CSR programs like their current activities that focus on building the capacity of local farmers to source raw materials. Such efforts benefit both the breweries and the suppliers in a win-win situation, and this will finally be translated into growth” (A3).
1.4. The Academics’ Suggestions for Improvements Pertaining to What the Breweries are doing for their Respective Local Communities

With reference to the question of what should be improved pertaining to what the breweries are doing for their respective local communities, one aspect of improvement, which the respondents indicated, is that since the breweries are scattered geographically in various parts of the country, the social and environmental problems that they face in their respective areas might be unique, and their proactive and reactive social and environmental initiatives should primarily depend upon the social and environmental needs of their immediate communities. It was revealed that some of the breweries work in highly water distressed areas in the country; so such breweries are expected to give priority to water resource development activities, and they have to refrain from aggravating water shortages in those areas. One respondent expressed the following in this regard:

“The breweries operate in a chronically water distressed areas, such breweries have to work more on water resource development, efficient use of water, and help making water available to the locals.” (A1)

Moreover, respondents noted that even though the breweries claim that they are doing their best in terms of discharging social responsibilities, the actual practice does not match the rhetoric. It is indicated that the rhetoric outpaces the actual practice. The respondents retorted that despite the breweries’ profound claim that they are doing good in terms of promoting responsible drinking, no brewery is working in a strict sense with its outlets and law enforcing units to make sure that their products are not sold out to persons who are under the age of 18. A respondent explained the following regarding the breweries claim that they are committed to promoting responsible drinking and what is happening on the ground:

“…it is stated in the law, and the breweries mention it in their advertisements, that alcoholic products are supposed to be sold only to persons who are above the age of 18. But, when it comes to practice, no one follows up the implementation. It is all said for the sake of saying, given this reality the breweries claim that they promote responsible drinking. What is said only for the sake of saying, no matter how many times it is said, it is not even worth a single practical move. What apparently lacks is to practice it” (A2).
In other words, the respondents argued that the breweries have to work more on awareness creation about responsible drinking, and that responsible consumption is not well promoted. It was revealed that recently, there is a rapid increase in the amount of beer consumption due to the aggressive competition and aggressive advertisings by the breweries. The respondents reiterated that even though alcohol drinking is the choice of an individual, that choice need to be made based on knowledge. In line with this, it is suggested by the respondents that the breweries have to take the responsibility to increase awareness and knowledge among consumers about alcohol consumption. Moreover, it is pointed out that the legal system should also be reinforced and those individuals who are not entitled to consume alcohol such as under age citizens need to be protected by the law in a practical way. The breweries have to cooperate and even may have to take the initiative to reinforce the minimum age law as they are the producers of the alcoholic drink.

Furthermore, the respondents indicated that the breweries may have to work more on accounts such as participating in poverty reduction programs involving creating more employment opportunity, establishing alliances and partnerships with universities and research institutes, work closely together with the law enforcing unit to make sure that the minimum age requirement for alcohol consumption is made practical, and address the severe problems associated with drunk driving, which is one of the major causes of road accidents in the country.

1.5. Concerns Regarding the Brewery Sector

The last question inquired about the concerns that the respondents have over the breweries. Accordingly, they pointed out that they have worries over certain issues. One area of concern that the respondents indicated is the issue of water use by the breweries. They stated that the water consumption is a very serious problem, as the breweries are excessive water users. It is retorted that the breweries use not only surface water but also underground water and the way the breweries are using such water resources is worrisome. For example, concerning worries that relate to surface water over use, the respondents shared that industrial overuse of water even by one of the breweries in the past has contributed for the disappearance of a prominent lake in one of the regions in the country. Meanwhile, regarding worries that relate to water use from underground sources, it is maintained that there is no any mechanism that controls how much underground water the breweries use and its associated impact on the environment in the short and long term. One respondent shared the following in frustration:
“…there is not any system that accounts for the cost and long term impact of the water consumption by the breweries from underground sources. They use it for free. A free resource does not mean it should be wasted. The appropriate government authorities must implement mechanisms to account for the cost of underground water use” (A1).

In other words, the interview response revealed that water shortage is a serious problem in many parts of the country, and the respondents disclosed that despite this chronic water shortage, the breweries do not seem to use water in the most efficient way possible. The respondents revealed that the common practice is to release the waste water after treatment, and most of the breweries do not recycle water. It is suggested by the respondents that there must be a way that controls the way the breweries are using the water resources of the public. One respondent retorted:

“…a quota system must be introduced to monitor how much water they are using from the underground sources. They take the water from rivers and underground sources for free, and even without being monitored how much water they are using and how much they are wasting. This is a serious problem. This is a great concern. At least they have to recycle the water” (A3).

The second concern that the respondents indicated relates to road accidents that are caused by drunk drivers. It is reported that drunk driving has long been known as one of the major causes of the large number of road accidents particularly in the country’s capital, Addis Ababa. According to Eckersley, Salmon, and Gebru (2010) the country has one of the highest road accidents, and it is indicated that the country experiences a road crash fatality rate of 114 deaths per 10,000 vehicles per year but the authors believe that the real figure may be higher due to underreporting; another report also asserts that the country has one of the highest casualty rates per vehicle in the world. It is in excess of 100 fatalities per 10 000 vehicles, and it loses about $65 million annually due to traffic accidents. In addition the victims are mainly in the working age group of 18–30 years (Kaleab, 2014; Kassa, 2015). From observation, for a very long time now, it has always been a topic of discussion on the media that alcohol consumption along with khat use is the number one cause of road accidents in the country and there is not even a random test of alcohol among drivers. In line with this, the respondents reiterated that everyone is aware of this problem including the breweries. As
such, it is retorted that when it comes to the issue of addressing problems that relate to drunk driving, not only the country lacks a road rule that addresses drunk driving but also the outlets such as bars, hotels, and clubs that sell the beers take no responsibility at all in discouraging selling beers to those who drive. It is indicated that all beer outlets serve beers inside cars; in an outdoor service.

Based on the interview results and observation, in Ethiopia, most youngsters prefer to drink beer; they mainly drink beer. Alcohol free beverages are not well promoted by the breweries; as a result alcohol free beers are not quite common. Mostly, it is people who do not take alcohol (such as due to reasons related to religion) that drink the alcohol free beverages of the beer companies. Also, it is true that Ethiopians drink relatively little wine and other liquors compared to beer. Further, it is noted from the interviews that with the beer companies currently distributing their beers everywhere in the country, the population is abandoning making traditional/local drinks, such as “tella,” which is time consuming to make and choose to drink beer.

In connection, the respondents underscored that if the breweries really promote responsible consumption, they have to take the responsibility in following up the way that their products reach out consumers. The respondents said that all the breweries are aware of this extensive malpractice, and do nothing at all about it. One respondent stated the following regarding the sale of beer for minors and drunk-driving issues:

“With respect to practical issues, there is a big gap between what the breweries are saying and what is actually going on. The breweries and the government must work together to implement the law that bans the sale of alcoholic drinks to the youth, particularly to those youth who are under the age of 18. The youth are exposed to alcohol. It is not only banning under age consumption, but also there is a need to control driving under the influence of alcohol. The country has one of the highest road accidents globally, mainly due to drunk drivers. The breweries have to collaborate with the government to control drunk driving. It is only when those actions are taken that we come to believe what the breweries claim to have been promoting responsible consumption is really material. Otherwise, rhetoric alone produces no result” (A2).
The third concern that the respondents mentioned relates to the advertising practices of the breweries. In this regard it is indicated that the breweries are involved in excessive and aggressive advertising, which the respondents considered as indiscriminate of age. The respondents reiterated that the aggressive advertising campaigns by the breweries have already enticed many people including the youth to consumption, and even children are exposed to the beer advertisement. The respondents affirmed that the aggressive advertising and marketing strategies of the breweries have already negatively impacted the drinking culture in the country; and it is not uncommon to see customers including the youth drinking beer starting from early in the morning. This was not the case a few years back before beer started to be advertised heavily. One respondent shared the following with an angry tone:

“What is going on? And I do not know where that is leading us. Some kind of resolution needs to be done. This is a country which is still economically poor, and it is expected from all of us, all the people to work hard to transform our country’s economy. It is not time to build a drinking culture. What the breweries are doing currently is that they are expanding greater alcohol consumption. Look!, A few years back you never saw any one drinking before night time; but what is actually going on now? It is all young people in bars and beer outlets grabbing beer bottles starting from early morning even before breakfast time. Where will that take us to? What will happen to our youth in a few years if the trend continues like this? Will we have to deal with rehabilitating our youth from alcohol addiction? That is dreadful. The drinking culture that is building up is dangerous. Daytime drinking is becoming more and more common; that is totally unacceptable in poor communities such as ours where citizens are rather expected to be encouraged to be productive. I am sure all this is happening because of the very huge and enticing advertising practices of the breweries. Their adverts are so tempting, the breweries use the most revered artists who are highly celebrated among millions in the country, popular among the youth, to advertise their product, and that is very tantalizing to our youth, not only tantalizing but the youth are affected by the adverts already” (A1).

Another respondent added,
There is aggressive promotion, enticing the youth and children. Simply writing on their ads that “it is not allowed for under the age of 18” is a façade, because that does not create any impact unless it is monitored and made practical. Even the impact of alcohol on health must be communicated. The advertising is both misleading and incomplete. The advertising is so enticing; particularly those on the TV and radio trigger the audience go and drink immediately. The promotion lacks an ethical element. The advertisings of the breweries are well planned to create the maximum impact on the audience, they carefully pick public figures or celebrities to promote their product, and such celebrities or characters have major influence on the youth, and the product they advertise entice the youth. The use of popular characters is making our youth and children think that beer consumption is the ultimate pleasure. The breweries have to reconsider their advertising strategy” (A3).

In connection, it was revealed that there is an increasing number of violence in towns due to excessive consumption of alcoholic drinks, of which beer takes the major share. The respondents pointed out that there is an increasing number of people indulging in drinking beers today than before, and the respondents underline that the large-scale promotion by the breweries has contributed to this increase. They also indicated that the problem is not with the consumption, but with a lack of responsible consumption. The respondents emphasize that there is lack of awareness about responsible consumption among communities in the country. Along this line, it is suggested by the respondents that the breweries have to instruct their groceries and outlets to sell their products responsibly. It is underscored that the breweries are observed to try to promote responsible drinking with their responsibility messages. Nonetheless, it is stated that promoting is one way but it is not sufficient at all. The respondents claim that promoting responsible drinking only with responsibility messages without practical follow-up and implementation is insufficient. One respondent shared the following:

“The breweries advertise their product in a way that consuming their beer is a sign of a modern man, a civilized society, and expression of prestige. This is misleading. The product positioning that the brewery sector is adopting is very misleading, which entice the youth and even
children to consume beer. The advertising is extremely high; both in terms of frequency and media coverage, and its enticing too. Beer consumption among the youth is dramatically increasing” (A4).

The fourth concern that the respondents reveled is related to labeling. It is disclosed that the product labels are insufficiently informative; and the interviewees criticized the brewery sector for its poor consumer information and labels. It is maintained that information is poor about the contents and ingredients of the beers. One respondent said,

“We just drink the beer without any information about the consequences of using the products. Labels are absolutely poor. The impact of alcohol on health must be communicated.” (A3)

Another respondent even argued how poor the labels of the breweries are compared to mineral and bottled water producers,

“The beers just have poor labels. Their labels are not informative enough. Even companies that produce mineral and bottled water provide much more detailed labels” (A4).
1.5. Summary

This section provided the analysis of the interview results with four academics from three local universities. As indicated earlier at the outset, the interviews focused on the academics’ assessment of the brewery sector in general from a CSR perspective. The text below presents the summary of this part.

The results show that there is a great deal of understanding about CSR among the interviewed academic experts. They highlighted that CSR is the social and environmental responsibility that businesses have to assume. It is about being good corporate citizens and being responsive to social and environmental issues, either proactively or reactively.

In their overall assessment of the brewery sector, the academics explained that the positive contributions are that the breweries are undertaking exemplary and pioneer CSR practices that are transforming the sector as well as the business landscape of the country. They have appreciated the breweries for their activities involving communicating responsibility messages, working with local farmers to sustainably source raw materials and improve the living standard of the farmers, as well as other community centered actions such as in the health sector and providing access to clean water to local communities. Nonetheless, the respondents have also criticized the brewery sector for apparent problems such as for its frequent, indiscriminate, enticing, and aggressive advertising. What is more, the respondents criticized the brewery sector for its unsustainable use of water resources. It is pointed out that the very large amounts of water that the breweries use from various sources still remain unaccounted for. It is retorted that water recycling is not a common practice at all among the breweries in spite of the fact that most of the breweries’ plants are found in water distressed areas of the country, and the breweries scramble, from the same water sources that the local communities and farmers depend on.

Moreover, the respondents’ assessment of the CSR practices of the brewery sector indicates that the presence of prominent international companies will transform the business model not only in the sector but also in the country’s business landscape as a whole, by introducing socially responsible initiatives. In spite of the degree of variation to CSR commitments among the breweries themselves, the respondents expressed that the sustainability initiatives currently undertaken by the breweries will encourage other sectors and businesses in the country to re-examine their business model so as to be socially responsible.
Nonetheless, it is also shared by the respondents that in addition to sponsorships and other types of CSR practices that the breweries currently undertake, the respondents pointed out that the breweries are still expected to commit themselves more to community development programs.

Further, the interview responses with the academics regarding what more needs to be done by the breweries in line with CSR revealed that given the unique social and environmental problems that exist in the various areas of the country that the breweries operate in, the companies’ proactive and reactive social and environmental initiatives should be done in accordance to the social and environmental needs of the immediate communities in the areas where the breweries have their plants. In other words, it was revealed that some of the breweries work in highly water distressed areas, so such breweries are expected to give priority to water resource development activities as opposed to aggravating water shortages in those areas through excessive and unsustainable water consumption. Moreover, the respondents called upon the breweries to have a robust participation in poverty reduction programs involving creating more employment opportunity, establishing alliances and partnerships with universities and research institutes, working closely together with the law enforcing unit to make sure that the minimum age requirement for alcohol consumption is practical, and addressing the severe problems associated with drunk driving. In line with the latter point, it is indicated that the breweries have to engage in more practical commitment to instilling responsible drinking that transcends promoting responsible consumption only with responsibility messages.

More so, the respondents have identified diverse areas of concern with respect to the breweries. One of the concerns identified is regarding the amount of the breweries’ water consumption. It is feared that the breweries do not use water resources sustainably. Secondly, it is described by the respondents that there is a serious problem of road accidents in the country, aggravated by drunk driving. As beer is widely consumed, the product of the breweries has its adverse contribution to the road accidents that are happening in the country due to drunk driving. Thirdly, it is identified that the aggressive advertising practices of the breweries is enticing and has already affected the youth to indulge in beer drinking, and as a result of increased beer consumption, violence is cropping up in towns. Finally, it is determined by the respondents that the breweries have insufficient labels on their products; they reiterated that there is lack of commitment among the breweries to provide sufficient
consumer information about ingredients of the product, the impact of the alcoholic content of the product on users, and the production process undertaken and its associated impact on the environment.