



**FACTORS AFFECTING IMPLEMENTATION OF  
CORPORATE SOCIAL RESPONSIBILITY IN CASE OF  
SOME SELECTED TEA AND COFFEE PLANTATION IN  
SHEKA ZONE**

**MBA THESIS**

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**WOLKITE UNIVERSITY, WOLKITE, ETHIOPIA**

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SOCIAL RESPONSIBILITY IN CASE OF SOME SELECTED TEA AND  
COFFEE PLANTATION IN SHEKA ZONE

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A THESIS SUBMITTED TO THE DEPARTMENT OF MANAGMENT,  
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DEGREE OF MASTER OF BUSINESS ADMINISTRATION

JULY, 2020

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of materials used for the thesis have been dully acknowledged.

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## **DEDICATION**

Firstly I dedicate this thesis to my beloved mam (Mamye) and dad (Tedye). Secondly, to my families and frinds (Andu and Bish) for their hard work and tireless support of my studies and career at all times. Finally, I dedicate to my beloved kids Afomiya and Saron.

## LIST OF ACRONYMS

AF	Age of a Firm
ANOVA	Analysis of Variance
CSA	Central Statistics Agency
CSR	Corporate Social Responsibility
EC	Employee Company
EFQM	European Foundation for Quality Management
EU	European Union
FDRE	Federal Democratic Republic of Ethiopia
KN	Knowledge
GP	Government Pressure
GTP	Growth and Transformation Plan
MNC	Multi-National Company
OC	Organizational Culture
PEP	Perceived External Prestige
PG	Pressure Group
PR	Profitability
R	Overall correlation
R <sup>2</sup>	Correlation Coefficient
SF	Size of a Firm
SNNPRS	South Nation Nationalities and Peoples Regional State
UN	United Nation
US	United States

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## ABSTRACT

*Corporate social responsibility (CSR) has captured significant attention of managers and executives. However, links between CSR's drivers and CSR have seen little or no empirical verification, particularly in developing countries. There is huge complains about plantations CSR practice in sheka zone. The study aimed at studying the existence and practices of different dimensions of Corporate Social Responsibility coffee and tea plantation in Sheka zone by taking corresponding to the determinants namely organizational culture, knowledge about CSR, government policy, size of a firm, profitability, pressure groups and age of the firm. In relation to the methodology, the study used mixed type of study, purposive sampling was used to select 15 firms from a total population of 35 based on different criteria. To select respondents from a total of 305 managers and employees 170 samples size was determined and then simple random sampling technique was used in selecting respondents. The study used mixed study and has been conducted on the basis of the quantitative and qualitative research techniques to assess the implementation of CSR and its factors in the selected plantations. Data were collected through questionnaire. Moreover, structured and unstructured interview have been also conducted with respective government offices. Descriptive statistics show that CSR implementation in Sheka zone was not satisfactory. Multiple regression was used to analyze the data with the aid using STATA 13 Software. CSR (dependent variable) was found to have a strong positive relationship with Organizational Culture, Knowledge about CSR, Government policy, Size of a firm, Pressure group and Age of a firm. While there is no relationship between profitability and CSR.*

**Key word:** *CSR, Organizational Culture, Knowledge, Profitability, Government Policy, Age of a firm, Size of a Firm, Pressure Groups, Sheka*

## **Chapter One**

### **Introduction**

#### **1.1. Background of the study**

Nowadays, Corporate Social Responsibility (CSR) is known as a rising business imperative that organizations are integrating into their core activities and the field is further improving in strength and significance (Bichtha, 2003; Oger, 2010). CSR is defined as corporate social or environmental behavior that goes beyond the legal or regulatory requirements that a company faces (Kitzmueller and Shimshack, 2012) and it has become a common business practice around the world, particularly in the industrialized world. Consequently, CSR literature is dominated by CSR studies from the developed part of the world, which led to a regional gap in CSR literature that leaves the global/international understanding of CSR incomplete (Dobersand Halme, 2009; Jamali and Karam, 2018).

CSR has the potential to make positive contributions to the development of society and businesses. More and more organizations are beginning to see the benefits of setting up CSR programs. The CSR progress is spreading over the world and in recent years a large number of methods and frameworks have been developed, the majority being developed in the West. Many have investigated the effects of globalization and global capitalism. In the commencement, most people viewed globalization as the best system about contributing to wealth creation. But in the mid-1990s, the breakdown of the system, like the huge income gaps between nations, was beginning to become obvious. The debate has been concerned with the need for a strong and moral ecology that reflects the wider social and cultural customs of society. For this ecology to be developed there is a need for support, not only from

governments but from all actors, not the least from the private business sector. (Dunning 2003) urges the development of what names responsible global capitalism that should not be considered as an ending in itself but as a means of social transformation of societies to create improved life for its citizens.

Although CSR is voluntary by Finnish law, it is increasingly compulsory for a company to maintain its brand. Public reactions to uncovered wrongdoings spread like wildfire across social and conventional media having terrifying impacts on the target company's image.

It is known that the lion's share of the total export of Ethiopia is dependent on the export of coffee. One of the areas where coffee and other exportable agricultural products like Spice and Tea found is Sheka zone. Not only local investors but also foreign investors have joined these investment activities from Europe and the Middle East. Since Sheka zone has a favorable climate, comparatively abundant and fertile land as well as reasonably good water resources that created ample opportunities. Sheka zone ranks 3rd in coffee production, 2nd ranks in Tea production and ranks 1st in Spice production in SNNPR in 2011 ec. (SNNPR agricultural bureau 2011 report).

Even though the main focus of these investments is for exporting purpose sometimes the production also uses for domestic markets. Therefore, the firms should have to think globally to sell their products competitively in generating profit. Since the globalized thinking of business concepts has to lead the business world towards a more advanced and well-established system of transactions which business organizations are required to provide the best quality with environmentally friendly and socially responsible products and services.

Today, those investments engaged in such activities are working towards attaining the corporate social responsibility (CSR) of a business which concerned with benefit to all

stakeholder groups by incorporating social, economic and environmental practices into their business strategy. Now a day different developed countries have been developing different codes of conduct and standards that encourage, monitor and recognize the application of CSR which focuses on three dimensions of sustainability: economic, environmental, and social. As corporate social responsibility (CSR) is a new phenomenon it is relatively more established in the developed world than that of the developing countries. Also, it is not common to find a specific form of corporate social responsibility practices in the developing world otherwise it could be seen from business perspectives. At the moment, there is an increasing awareness and concern with the CSR of producer and marketing organizations.

Ethiopia is one of the developing countries where the philosophy of corporate social responsibility is not well developed and also the governance system takes the form of mere control and decision making rather than encouraging the development and implementation of a well-developed ethical code of conduct. However, currently, there is some good start by some industries has been developed there own code practice for their industry.

## **1.2. Statement of the Problem**

Nowadays, Corporate Social Responsibility (CSR) CSR is known as a rising business imperative that organizations are integrating into their core activities and the field is further improving in strength and significance (Bichta, 2003; Oger, 2010). CSR is defined as corporate social or environmental behavior that goes beyond the legal or regulatory requirements that a company faces (Kitzmuellerand Shimshack, 2012) and it has become a common business practice around the world, particularly in the industrialized world. Consequently, CSR literature is dominated by CSR studies from the developed part of

the world, which led to a regional gap in CSR literature that leaves the global/international understanding of CSR incomplete (Dobersand Halme, 2009; Jamali and Karam, 2018).

According to Poovan, Du Toit & Engelbrecht (2006) almost all corporate websites/policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow on a sustainable basis. These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. Porter & Kramer (2003) argue that business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to sustainable practices. Such business houses around the globe show their commitment to social responsibility.

Coffee and Tea plantations are among the various forms of private organizations that operate in Sheka Zone. From different types of investment practices community at large complains about Coffee and Tea plantations for not actively participate in CSR activities as desired. The effect of not following CSR is greatly reflecting in Tea and Coffee plantations.

There was violence inside and outside the plantations. Even these Tea and Coffee plantations losses many of their machinery, cars and there planted tea and coffees several times. Even there was high movement in the zone for not giving any investment land to anyone. So starting from 2007ec there was not any new investment lands given to investors. These plantations have contributed a lot in afforestation activates, employing from outside the zone, not participating in community development activities in the area of plantation, etc...

However, the question of whether there were particular factors that could be influencing this practice in the plantations was addressed in this paper.

This study, therefore, set out to determine factors that influence the implementation of CSR in some selected Tea and Coffee plantation in sheka zone. As per my knowledge, no study has been undertaken regarding this issue in the study area.

### **1.3. Research Question**

This thesis look at CSR implementation; what was and should companies be doing? Given the problem discussed above, it is neatly reasonable to ask the following key research questions:

1. What does the condition of CSR practices in coffee and tea plantation in Sheka zone looks like?
2. How the determinants affect CSR practices?

In line with the above research questions the following seven hypotheses are proposed:

**Hypothesis 1:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by government policy.

**Hypothesis 2:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by organizations culture.

**Hypothesis 3:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by knowledge.

**Hypothesis 4:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by profitability.

**Hypothesis 5:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by pressure group.

**Hypothesis 6:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by size of a firm.

**Hypothesis 6:** The level of CSR practices that the selected coffee and tea plantations carry out is directly influenced by age of a firm.

## **1.4. Research Objective**

### **1.4.1. General Objective**

The main objective of the study was to find out the factors that influence the implementation of CSR by some selected Tea and Coffee plantation in Sheka Zone.

### **1.4.2. Specific objective**

1. Assess the condition of CSR practices in coffee and tea plantation in Sheka.
2. Assess the determinants which affect CSR practices.

## **1.5. Scope of the Study**

**Theoretical Scope (variables):** The study limit itself on factors affecting the implementation of corporate social responsibility. Implementation of corporate social responsibility affect by many variables for this study the researcher look at many variables as possible but it is difficult to study all of them. That mines this study was not look at some variables like age, gender, planning, and style of management etc because there effect on the CSR implementation is very little in selected firms, many previous thesis are also state selected variables are better influence than others, some of the variables (for example style of management) are in one way or another indicate in in selected variables and some variables are not appropriate for selected plantations.

**Geographical Scope:** The study focus on Coffee and tea, producing investments. That means the study not focus on governmental organizations, NGO's, service delivery investments, etc... also due to time, distance and the related cost the study was not research deep insight like by approaching every Coffee and Tea investments and their employees and the community leaving around the farm area.

### **1.6. Significance of the Study**

As a consequence of the findings of this study, it is going to be possible to demonstrate to the plantations whether or not it is possible for CSR implementation to provide or the sustainability of organizations long term engagement with various stakeholders. In this context, the Tea and Coffee plantation be able to rationalize its adoption of CSR projects for commercial benefits to increase their value, for society and government. The handlings also useful in advising plantations on the need to maximize the impact of its activities on society in two ways: first, by removing, or at least mitigating, any negative impacts it may have; second, by taking positive steps to help communities through its employment practices, fundraising, volunteering, and charitable giving.

The concept of CSR become a major field of research among academics. This is partly due to the interest it has to generate in organizational environments. Also, this paper add empirically verify ideas to the stock of knowledge. With this there is a proverb; “a little drop of water makes a mighty ocean.” Hence, students will also use it as a reference in their future research work.

The recommendations of this study provide frontiers for new research in a contest or new perspectives of CSR that require empirical research and documentation. The findings be a

useful resource in the teaching of CSR concepts and factors that affect the implementation of CSR.

### **1.7. Limitation of the Study**

The research focus on Tea and coffee investment and not every variable that influences decisions to invest will include. This is because of cost constraints.

### **1.8. Organization of the Paper**

As shown below the was study organized into five chapters. The chapters comprise Introduction, Review of Related Literature, research design and methodology, Results and Discussions and, Summary, conclusions and recommendations.

**The first chapter** provide a general introduction of the study including background of the study, Statement of the problem, Research questions, Objectives of the study, Research hypothesis, Significance of the study, Scope and limitation of the study, organization of the study and Definition of Key Terms.

**Chapter two** cover the literature relevant to the study. It include concepts and theoretical framework, empirical literature as well as discussions on the corporate social responsibility model and hypotheses and conceptual framework.

**Chapter three** elaborate on research design and methodology: the type and design of the study. It include research method sampling technique, data collection method and method of data analysis that has been used in the study and reliability and validity tests and Ethical considerations have included.

**Chapter four** discuss and analysis it in detail.

**Finally, chapter Five** comprise four sections which include summary findings, conclusions, recommendation of the study and future research areas.

## 1.9. Operational Definition

- **Corporate Social Responsibility:** is the most frequently used term among scholars to describe business engagement in social activities. (Lohman & Steinholtz, 2003)
- **Organizational Culture:** collection of values, expectations and practice that guide and inform the actions of all team members (ellito, 2005)
- **Pressure Group:** interest group that attempts to influence legislation through the use of lobbying techniques and propaganda.
- **Firm size:** The size of a firm can be measured by one of the following: total assets, total revenue or total sales (Beck, Demirguc-Kunt, Laeven & Levine, 2008).
- **Firm age:** the number of years of incorporation of a company (Shumway, 2001)
- **Profitability:**The level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. Evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms. (Gaul, 2011)
- **Economic Responsibility:** Economic responsibility refers to the profitability of the organization, (Gudjonsdottir and Jusubova, 2015).
- **Legal Responsibility:** is complying with laws and regulations.
- **Ethical Responsibility:** As for the ethical perspective, the organization's operation should go beyond the laws where they are expected to do the right thing in a fair and just way (Gudjonsdottir and Jusubova,).

- **Philanthropic Responsibility:** Philanthropic responsibility refers to voluntary giving and service to the society (Gudjonsdottir and Jusubova,).
- **Corporate:** this term is used to mean organizations or firms; here in investments
- **Implementation:** in this research, it is used to mean the process revolving around decision making, selection and finally uptake of a project deemed worthwhile by tea, coffee and spice investments under the CSR framework.

## **Chapter Two**

### **Review of Related Literature**

#### **2.1. Introduction**

This chapter presents the objectives stated in the previous chapter and explicitly see how they benefit corporations. The chapter mainly present literature review by other scholars and researchers on the factors affecting the implementation of Corporate Social Responsibility (CSR), a case of some selected investments sheka zone.

#### **2.2. Theoretical Review**

##### **2.2.1. Historical Development of Corporate Social Responsibility (CSR)**

According to Åsa Helg, 2007, "...H. R. Bowen is considered the man who introduced the modern debate about CSR. In 1953 Bowen initially proposed the term CSR, suggesting that businesses should take into accordance the objectives and values of the society (Wartick & Cochran, 1985). However, Mitchell (1989; in Windsor, 2001) has traced the emergence of the concept of CSR back to the 1920s as an ideological movement intended to legitimize the power of large companies. Carroll (1989) goes even further back in time claiming that Adam Smith's classic economic model "the invisible hand" from the 19th century was an example of a business's early social responsibility. Simply put, Smith argued that if business responded to market demands, society would get what it wanted (Carroll, 1989)...".

From the introduction CSR in the 1950s and onwards, the concept has gained significant acceptance and broader sense (Carroll, 1989). Windsor (2001) argues that CSR gave the

business a role to play when confronting serious social problems. The problems, however, were much bigger than the ability of business to solve them. This became considerably noticeable in the 1960s and 1970s when for example pollution control and equal employment opportunities were brought out. In the 1980s though, the proposal of business contributing to a more just and healthier society was criticized, due to the increasing popularity of the free-market system. CSR took a step back in favor of concepts like re-engineering, downsizing, and outsourcing (Windsor, 2001). Nowadays the concept of CSR is acknowledged by academic scholars, business executives, international organizations and the public, and it is also much debated among these groups.

### **2.2.2. Definitions of Corporate Social Responsibility (CSR)**

As a result of the history of CR, corporate responsibility has gained ground as an idea, a potential strategy and a practical tool for organizations to contribute to sustainable development (Dobers 2009). Porter and Kramer (2006) argue that companies and society are interrelated, and both benefit from the success of one another. A well-off society creates more and more demand for companies as the needs of the citizens are satisfied and future ambitions increase. On the other hand, healthy societies need well-off companies, because they are better able than any other organization to create jobs and wealth and ultimately increase the living standards in the society.

According to Dobers (2009), the most often used definition of corporate responsibility, written originally by the Commission of the European Communities in 2001, is: "...The EU's Green paper on CSR defines CSR as" a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their

stakeholders voluntarily" (Green Paper Promoting a European Framework for Corporate Social Responsibility, 2001)...”.

Another often-used definition with a bit different approach is from the World Business Council for Sustainable Development (1999) as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”.

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

ISO 26000 offers Practical guidance on socially responsible behavior and possible actions. It aims at helping organizations to become aware of, analyze and address issues concerning social responsibility. It is built as an overarching document that can be used for a wide variety of countries, organizations, operations, roles in the supply chain context and type of activity.

Definition of social responsibility ISO 26000 defines the social responsibility of an organization as: "the responsibility for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that: contributes to sustainable development, health and the welfare of society; takes into account the expectations of stakeholders is in compliance with applicable law and consistent with international norms of behavior, and is integrated throughout the organization and practiced in its relationships".

CSR is a complex area with an interdisciplinary focus which includes human rights, environmental responsibility, and diversity of management, sustainability, and philanthropy (William 2010) CSR concerned with treating stakeholders of the firm ethically or responsibly. It is a new phenomenon as well as the business practices associated with it (John 2005). "Ethically or responsible" means treating stakeholders in a manner deemed acceptable in civilized societies about social, economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. (Micael, 2006).

However, giving a single definition is not enough because various issues will be raised inside this paper. Another broad definition given by the International Institute for Sustainable Development is a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and societies. To ensure a long term economic, social and environmental sustainability one organization should identify its relevant and appropriate procedures to develop specific competence and undertake profitable investment (Idow & Fiho 2009). In general, definitions focus on how companies manage their core business to add social, environmental and economic value to produce a positive sustainable impact for both societies and the business.

There is also another definition of CRS which is called The EFQM Definition which states "...The European Foundation for Quality Management (EFQM) is a membership-based not for profit organization, created in 1988 by fourteen leading European businesses with a mission to be the driving force for sustainable excellence. EFQM defines CSR as follows,

"CSR refers to a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes – among other things- respecting human rights, fair treatment of the workforce, customers and suppliers, being good corporate citizens of the communities in which they operate and conservation of the natural environment. These fundamentals are seen as not only morally and ethically desirable ends in themselves and as part of the organization's philosophy, but also as key drivers in ensuring that society will allow the organization to survive in the long term, as society benefits from the organization's activities and behavior" (The EFQM Framework for Social Responsibility, 2004)...", EFQM presents some common characteristics for CSR which are: meeting the need of current stakeholders without compromising the ability of future generations to meet their demand, adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization, integrating social, environmental and economic policies in day-to-day business and accepting CSR as a core activity that is embedded into an organization's management strategy. The following figure illustrates the key dimensions of CSR according to EFQM social, environmental and economic – and how they link and also overlap. These three dimensions are consistent with the three dimensions of the Triple Bottom Line: people, planet, and profit.

### **2.2.3. Why do firms engage in CSR?**

As it is crucial to investigate how firms engage in CSR, it is equally important to explore why they do so. The CSR concepts continuum offers some explanations for the firm's values behind engaging in socially responsible activities. However, it does not delve into the reasons why firms begin social responsibility programs.

Stakeholder theory presents a compelling argument behind why firms engage in socially responsible activities. At its most basic, corporate social responsibility (CSR) is about seeing business as an integral part of society, the global community and the environment that supports it. A business does not exist in isolation. It relies on a multitude of relationships with customers, employees, suppliers, communities, investors, and others in other words; stakeholders. This theory suggests that the success and survival of the organization depend on meeting both its economic and non-economic objectives by meeting the needs of the stakeholders in the company (Pirsch *et al*, 2007). Stakeholder groups include shareholders, investors, employees, customers, suppliers, and government entities or other public organizations which govern commerce (Clarkson, 1995). With the rise in the importance of civil society, businesses have had to respond to the actions of civil society stakeholders such as NGOs, churches, or other civilian groups (Marrewijk, 2003). Firms are more likely to respond to stakeholder demands if the stakeholder in question is a resource that is valuable to the firm (Pirsch *et al*, 2007). Stakeholders with more power in their relationship with the firm are more likely to influence the company's CSR policy or focus.

Several interpretations of the stakeholder theory have been proposed, but it can be used to explain parties who guide the structure and operations of the established corporation. This is not only to say that corporations have to act in a responsible way to avoid growing stakeholder pressures but to achieve a better or "good" society. Moreover, it became clear that the CSR paradigm is not only the final result of a process but also the process itself must be considered in all decision making, as well as evaluated and measured finally. From a practitioner perspective, stakeholder theory taught good managerial and instrumental practices to firms. According to Andrew and Karl, an organization should identify and prioritize

stakeholders to identify their current position concerning their various interests. Stakeholder dialogue is crucial for one organization in terms of exchange of views on values of stakeholders even if there is some information that is going to be blocked by an organization for a business strategic purpose. Therefore, this will encourage openness and indeed it is likely that transparency will reduce serious stakeholder conflict. Crucial questions still are who the relevant stakeholders are and whether we are talking about stakeholders or relationships among stakeholders. (Angeloantonio and Francesco 2009). A reason cited for engaging in CSR activities within agricultural value chains is the "business case" (Tallontire & Greenhalgh, 2005). The business case can be based on short term risk management, long-term sustainability, or increasing competitive advantage through building multi-stakeholder institutions (Swift & Zadek, 2002). The business case is compatible with stakeholder theory while giving agency to the agribusiness or food company. The actions taken in the name of the business case could be a result of a response to stakeholder engagement or demands or could be the firm realizing in it the possibilities of value that CSR policies bring to their operations.

We believe in CSR because it is a proposition aligned with our values, but also because it makes business sense. As (Ronald, 2006) points out that our commercial partners expect from us sound environmental and social practices. We get and understand the message and are actively promoting CSR among associates. We want to be recognized as a responsible industry, adding value to our products.” CSR creates benefits internally and for external stakeholders. Generally speaking, it is difficult to monetize the benefits of CSR, as many benefits only get visible in the long run and are indirectly induced by positive changes through CSR. This analysis will differentiate between direct and indirect, internal and external

benefits. CSR activities create direct effects on processes, governance and stakeholder relations of companies and these immediate changes again lead to indirect positive effects. Understanding the causal relationship between direct and indirect benefits from CSR helps us to trace improvements in competitiveness and financial performance of companies implementing CSR.

Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them. “Responsible consumerism” is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers.

#### **2.2.4. Theories on CSR.**

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

From the time of Adam Smith, through the age of industrialization, the Great Depression and the recent half-century globalization and prosperity, the purpose and role of business has been a focus of debate (Post, 2002). Much of the debate has revolved around two elements; namely shareholder theory and stakeholder theory (Rugimbana, 2008). Shareholder theory represents

the classical approach to business, according to this theory a firm's responsibility rests solely with its shareholders (Cochran, 1994). On the other hand stakeholder theory argues that organizations are not only accountable to its shareholders but should balance a multiplicity of stakeholders interests (Van Marrewijk, 2003). These two competing views of the firm contrast each other so sharply that stakeholder and shareholder theories are often described as polar opposites (Shankman, 1999).

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

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

contribution justice principle, the profits of a firm should be divided among those bearing risk within the organization, in what so ever form.

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

### **2.3. Empirical literature**

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

Yohannes (2019), who conducted a research on CSR status in Ethiopian health sector by selecting 3 hospitals namely St Paul's Millennium Medical College (government owned), Myungsung Christian Medical Center/MCM/Korean (privately owned), and Hamlin Fistula (charitable Hospital) show that organization culture, government policy, and pressure group positively and significantly influence the level of CSR adoption.

Janggu et al (2007) in their study titled "The Current Status of Corporate Social Responsibility among Industrial Companies in Malaysia" have found that there is positive relationship between CSR and companies turnover but no apparent link is noticed with companies' capital. The relationship between CSR and companies' profitability is also found to be positive but weak. More disclosure by local companies as compared to their foreign counterparts is another noteworthy finding.

Ubius and Alas (2009) have found that there is a connection between organizational culture and corporate social responsibility. Also identified are three organizational culture type clan, hierarchy and adhocracy predict corporate social responsibility. One organizational culture types market predicts one facet of corporate social responsibility the firm performance concerning social issues. This study suggests that managers in the organizations where market culture type dominates should take the interests of all agents' customers, subcontract firms, consumers, stockholders, employees, trade unions, public administrations, and local community into account. Das (2009) found that the social sector remained a neglected area as, despite a rise in their revenue earnings, the states are perennially in financial distress due to a more than proportionate increase in expenditure.

Carroll and Shabana (et al, 2011), through their business cases, contributed certain concepts for Corporate Social Responsibility. They proposed, companies may also justify their CSR initiatives on the basis of creating, defending, and sustaining their legitimacy and strong reputations. The win-win perspective on CSR practices aims to satisfy stakeholders' demands while allowing the firm to pursue financial success. By engaging its stakeholders and satisfying their demands, the firm finds opportunities for profit with the consent and support of its stakeholder environment. CSR activities also directed at managing community relations may also result in cost and risk reductions. For example, building positive community relationships may contribute to the firms attaining tax advantages offered by city and county governments to further local investments. In addition, positive community relationships decrease the number of regulations imposed on the firm because the firm is perceived as a sanctioned member of society.

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

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

Several CSR scholars indicated that there is a congruence between organizational culture and CSR (Hillman and Keim, 2001; Rooney, 2007; Thornton and Jaeger, 2008; Wieland, 2005) arguing that CSR should be seen as an embodiment of an organizations culture and values.

Most empirical studies provide evidence that company size has an impact on the amount of CSR (Branco & Rodrigues, 2008; Gao, Heravi, & Xiao, 2005; Gray & Bebbington, 2001;

Haniffa & Cooke, 2005; Parsa & Deng, 2008). These researchers found a significant and positive association between company size and amount of CSR. The findings clarified the importance of this relationship. In addition, large companies tend to disclose more CSR information than small and medium companies. Moore (2001) and Branco and Rodrigues (2008) illustrated that the amount of CSR in large companies is higher than small companies, because stakeholders expect greater CSR from large companies than small companies. Large companies are also more able than small companies to communicate their CSR activities to external stakeholders (Rettab, Brik, & Mellahi, 2009). Supporting that Cowen Linda and Scott (1987) illustrate that “Corporate size appears to have significant impact” and argue that “social disclosure are correlated to company size for the reason that large companies have more stakeholders who might have concerns about the social activities undertaken by the company”. Furthermore, large companies have more diverse ownership, and thus higher agency costs which management will attempt to reduce by disclosing more voluntary information (Meek, Roberts, & Gray, 1995). Parsa and Deng (2008) indicate that a positive change in company size leads to positive and significant change in amount of CSR disclosure.

A number of studies used company age as one of the most important factors that can affect level of disclosure, in particular CSR (Delaney & Huselid, 1996; Rettab, et al., 2009; Xianbing Liu & Anbumozhi, 2009). Some studies revealed that there is a positive and significant relationship between level of CSR and company age (Delaney & Huselid, 1996). They think that the older companies provide more information about CSR activities than small companies. For instance, Delaney and Huselid (1996) found a positive link between CSR information and company age. However, some studies found that there is a negative

association between the amount of CSR and company age. For example, Rettab et al. (2009) revealed a negative relationship between CSR and company age, while Xianbing Liu and Anbumozhi (2009) found a negative relationship between environmental disclosure and company Age.

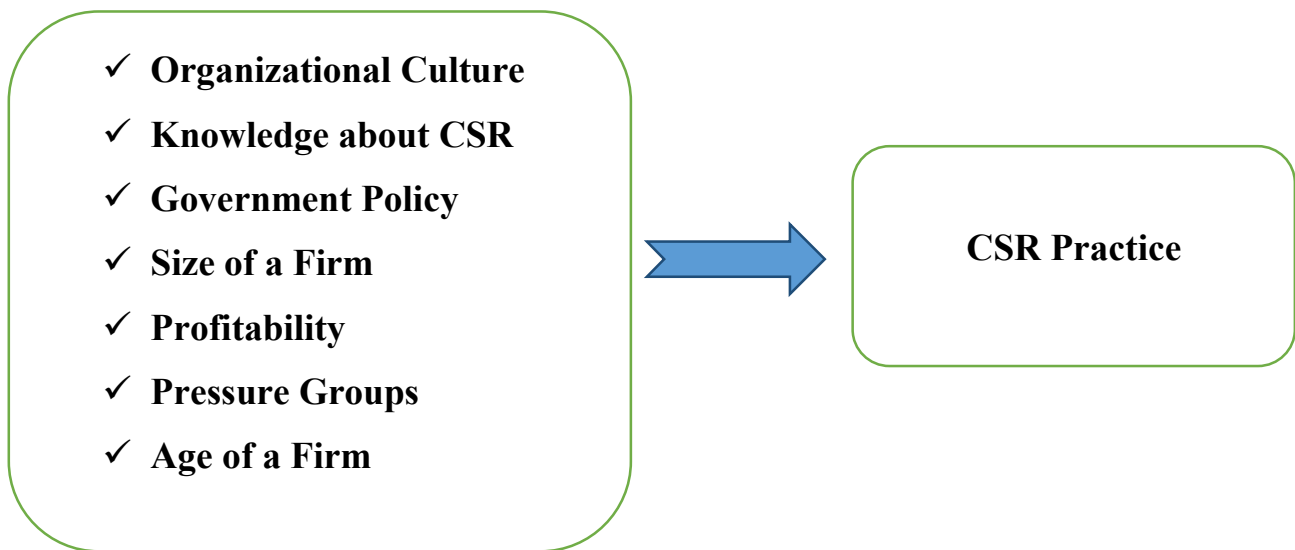
Reverte (2009) summarizes the key articles in examining the association between CSR disclosure and profitability including Cowen et al. (2004), Belkaoui and Karpik (2001), Ismail and Chandler (2005); however, these studies provide mixed results. For example, a positive relation between social disclosure policy and profitability was hypothesized in prior research (Belkaoui and Karpik; Cowen et al., 1987; Ismail and Chandler, 2005; Roberts, 1992; Ullmann, 1985; 1989). Even though, empirical results do not always confirm this positive association (see for example, Brammer and Pavelin, 2008; Garcia-Ayuso and Larrinaga, 2003; Moneva and Llena, 1996; Roberts, 1992).

Belkaoui and Karpik (1989) argue that the underlying cause of a positive relation between social disclosure policy and profitability is management's knowledge. They argue that managers that have the knowledge to make their companies profitable also have the knowledge and understanding of social responsibility. This might explain the higher levels of CSR disclosure by profitable companies. Giner (1997) argues that managers of profitable companies are more likely to provide more voluntary CSR disclosure in the annual reports to support their own their continuation of their current positions and to boost the levels of current and future compensation.

#### **2.4. Conceptual framework**

To make the study conceptualize and easily understandable, it frame and hypothesize based on the review of the factors from literature in the following way. The conceptual framework

reveals the relationship between internal factors (organizational culture, firm size, age of the firm, knowledge about CSR and profitability) and external factors of CSR implementation (pressure groups and government policy). Also, for the smooth running of the study, the null hypotheses develop using each of the 7 variables depict on the conceptual framework.



**Figure 2.4. Conceptual Framework**

### **Organizational Culture**

Although one of the most important tasks for a corporate executive is managing for all stakeholders, including corporate shareholders (Donaldson and Preston, 2001), among others, the implementation of CSR depends on organizational culture. Organizational culture reflects the personality or the feel of the company through entrenched values, beliefs and assumptions (Galbreath, 2010). Several CSR scholars indicated that there is a congruence between organizational culture and CSR (Hillman and Keim, 2001; Rooney, 2007; Thornton and Jaeger, 2008; Wieland, 2005) arguing that CSR should be seen as an embodiment of an organization's culture and values.

## **Knowledge about CSR**

CSR is a process of accumulating knowledge and experience (tang et al). Knowledge about corporate social responsibility plays a key role in implementation of corporate social responsibility in firms. The management of corporate social responsibility initiatives may favor the sharing of knowledge and creation of trust relationship among firms and internal and external stakeholders. CSR knowledge contributes to expanded value creation for both society and firms

## **Government Policy**

CSR is not a new and isolated topic among the new challenges facing governments in a globalized context (Albareda et al., 2007; Crane and Matten, 2004; Moon, 2002). As a result, in the last few decades governments (through public policy) have joined other relevant stakeholders as drivers of CSR (Moon, 2004). The most common public policy options in CSR development, according to Fox (2002), are mandating, facilitating, partnering and endorsing. Most writers and institutions advocate softer forms of government CSR intervention (Joseph, 2003; European Commission, 2002).

## **Size of a Firm**

Certainly, the term CSR directly refers to the activity of large, multinational corporations, but there are opinions considering that the term could be extended to other businesses, regardless of size, origin or objectives of the involved stakeholders. This shift and broadening of CSR's meanings started just from concerns regarding the environment, quality of social relationships, business performance and increasing influence of stakeholders over the behavior of small businesses. Conversely, there was also a conscious approach of small firm's

managers to comply with the standards imposed by the responsible business governance, to voluntarily incorporate the principles of CSR into daily business.

### **Profitability**

The relationship between CSR and profit was discussed in different literature. Empirical research show that the relationship between them has been studied in both directions, both as dependent variables and as independent variables.

Their conclusion was that the link between CSR and profitability remains an open research topic. Hamilton et al. investigated the relation between the returns of socially responsible portfolios and conventional portfolios. They found no significant relationship: social responsibility factors have no effects on expected stock return or companies' cost of capital.

### **Pressure Groups**

In addition to 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. So, scholars have asserted that there are increasing internal and external pressures exerted on organizations to engage in CSR to fulfill societal expectations (Logsdon and Wood, 2002; Matten and Crane, 2005; Meyer and Rowan, 2003; Wood, 2003).

## **Age of a Firm**

It is widely recognized that CSR involvement increases as firms become older, given that CSR leads to improvements in a firm's image on the market, increasing sales, profitability and the financial Sustainability performance of the firm. Withisuphakorn and Jiraporn provided a critical analysis of this opinion, relying on two hypotheses. First, the "outcome hypothesis" claims that the increased economic performance and the predictability of cash flow allow mature firms to invest more in CSR; on the other hand, younger firms, with less predictable cash flows, that are focused on survival or accelerated growth, lack the funds to invest in CSR activities. The opposing hypothesis, i.e., the "substitution hypothesis", claims that mature firms, regardless of performance and stable cash flows, have a reputation that does not need to be substituted by earning social goodwill through CSR campaigns and are, subsequently, less involved in CSR. On the other hand, young firms need to build their reputation, possibly through CSR involvement, and consequently get greater marginal benefits from CSR investments. Withisuphakorn and Jiraporn support the "outcome hypothesis", i.e., firms, as they mature, invest more in CSR and become more responsible and involved in environmental protection.

## **Chapter 3**

### **Research Design and Methodology**

#### **3.1. Introduction**

This chapter discuss the general methodology that apply in this research. This chapter looks at the research design, population, and sample size, data collection methods, research procedures, and data analysis and the presentation methods to be utilized in this research.

#### **3.2. Description of the Study Area**

##### **3.2.1. Location, area, and administrative division**

Sheka Zone is one of the 14 zones that form SNNPRS (southern nation nationality and people regional state). It is located in the south-western part of Ethiopia. Astronomically, it roughly lies between  $7^{\circ}.12-7^{\circ}.89$  north, latitude and  $35^{\circ}.24-37^{\circ}.90$  east, longitude. It is bordered with Illuababor Zone /Oromya Region/ in North & Northwest, Bench Maji Zone in South, Kefa Zone in East and Gambella region in Southwest.

The total area of the Zone is estimated to be 2387.55 Sq. Km which is shares 2.19% of the region and Sheka zone has two reform towns (Masha and Teppi), Masha is the zone's capital town is located on the main road from Addis Ababa to Jimma just 711 KM apart from Addis and 983 K/M from Hawassa.

. Sheka zone is divided into 3 woredas, 2 town administration and sub-divided into 56 and 6 rural & urban kebeles respectively. Boundaries of sheka zone North - Oromiya Region, South - Benchmaji zone, east - keffa zone, west - Gambella Region.

### **3.2.2. Temperature**

The mean annual temperature of Sheka zone is 10.1. However, the temperature is generally high with little variations among seasons. The Meteorological data of 2010 E.C indicates that the mean annual maximum temperature of this zone is 22.5°C in the highlands of Sheka zone.

### **3.2.3. Agro-ecology**

Sheka zone has a very diverse agro-ecological conditions ranging from hot arid and semi-arid climate (Dega & Woina Dega type) in the southernmost parts such as (Dega and Kefil-wurch) type in the high lands of the North and Northwest. Intermediate between these extremes the climate is defined to be Tropical subhumid type (Woina Dega type) 34% of the zone that is moderately suitable for settlement and crop production. Most of the zone, about 79.5% lies under Woina Dega type of agro-ecology while dega and wurch conditions constitute 8.6% of the region. The varied agro-climatic conditions of Sheka zone endowed it with the production of different commercial and food crops.

### **3.3. Research Approach**

The research approach can be either deductive, inductive or abductive. The main difference between the deductive and inductive approach is that the inductive processes begin with collection of data from which a theory is created based on the result. The deductive research, on the other hand, is dependent on former research and theories. From this knowledge the researcher develop hypotheses which will be analyzed and either confirmed or rejected (Saunders et al., 2009).

In this study, a deductive approach has been applied which is closely related to the positivistic, quantitative and qualitative research approaches. Since this study has a deductive approach, a research question was developed to explore the effect of CSR implementations. Furthermore, a theoretical model, based on former theories and concepts was developed, which is typical for a deductive approach. The different components of the theoretical model was operationalized to make collection of data possible.

Since the study have been conducted based on mixed research method with the development and perceived legitimacy of both qualitative and quantitative research approaches which employs the data collection associated with both forms of data to describe the nature of CSR in tea and coffee plantations in Sheka zone. A mixed methods design is useful to capture the best of both quantitative and qualitative approaches.

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

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

Both the quantitative and qualitative data were collected in phases (sequentially). Thus, when the data are collected, the quantitative data came first then the qualitative data. Consequently,

the priority (domination) has been skewed toward quantitative data. Therefore, these two types of data were integrated at stage data interpretation. Quantitative data was used for employees and managers of selected tea and coffee plantation while qualitative study was used for concerned government offices.

### **3.4. Research Design**

To achieve the aforementioned objectives, the study employed both descriptive and explanatory design. The described research design as a framework for collecting and analyzing data in order to answer research questions and meet the objectives of the research by providing good justification for the choice of data sources, methods of collection and technique analysis.

While explanatory approach was help to understand determinants of implementation of CRS coffee and tea investments in Sheka zone discovering and measuring the relationship between the dependent and independent variables. . Further, the correlational approach that was adopted for the study aimed to describe relationship between the independent and dependent variables.

Moreover, the study was utilize cross-sectional in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time.

### **3.5. Data Type and Source**

This study use primary and secondary data. The primary type of data collected from private investors and government officers (Sheka zone Labor and Social affairs, Investment office, Environmental Protection Authority management bodies). And secondary data was collect

from zone trade and industry, SNNPRS investor's index, zonal GTP plan, and achievement report and CSA.

### **3.6. Population**

A population is normally a collection of all the units of concern that researchers would like to study within a particular problem space (O'Gorman & MacIntosh, 2014). The population is the aggregate collection of individuals whom researchers seek to make inference on (Cooper& Schindler, 2003).

There is 35 coffee and tea plantation in sheka zone. So the total population of the study is 35 coffee and tea plantations. The target population respondents who oversee the implantation of Corporate Social Responsibility in these plantations.

This comprises of Managers, Heads of departments and assistant managers. The target population for this study was 305 who are charged with the operationalization of Corporate Social Responsibility implementation and government bodies (Sheka zone Labor and Social affairs, Investment office, Environmental Protection Authority management bodies).

### **3.7. Sampling Methods**

From a total of tea and coffee plantation purposive sampling was used to select some tea and coffee plantations for the purpose of this study.

For the selected plantations appropriate samples for questionnaire administration have been determined by using simple random sampling technique (by using lottery method) to give equal weights for each plantations. Random sampling selected because it is the simplest of all probability sampling techniques; however, the simplicity is also the strength of this technique. Because the sampling frame is not subdivided or partitioned, the sample is unbiased and the

inferences are most generalizable amongst all probability sampling techniques (Bhattacharjee et al. 2012).

The other most important reason is that quantitative data often involve random sampling, so that each individual has an equal probability of being selected and the sample can be generalized to the larger population. In qualitative data collection, certain individuals are selected because who have experienced on the central phenomenon. Consequently, Sheka zone Labor and Social affairs, Investment office, Environmental Protection Authority management bodies were communicated.

### **3.8. Sampling size**

Since the type of population is not the community it is difficult to select by using formulas or tables to select sample size. So To select from the total population this paper used purposive sampling to select firms. To select by using purposive sampling I used some criteria of selection methods to be resizable. Some of the criteria were;-

- Plantations that have great experience
- These plantations have a registered capital from 420,000 – 393,778,000 birr. For this paper, I will select projects that have register capital of greater than 5,000,000 birr
- Availability of data
- Plantations who have a better organizational structure

By using these criteria will select 4 projects from yeki woreda, 5 projects from andracha woreda and 6 projects from masha woreda a total of 15 plantations as a sample size.

Then in this selected coffee and tea plantations there 305 permanent employees excluding supporting staff /does not include employees in finance and HR/ and including C.E.Os.,

department heads and professionals. This because, all employees of the firm have no knowledge about the participation of corporate social responsibility in detail and all employees couldn't have an access to involve in decision. And the statuses of the selected respondents were showing the power and participation of decision making process, on the area of corporate social responsibility. So concerning total population of the respondents were 305.

From this sample size of respondents were determined by using Kothari, 2004 formula:

$$n = \frac{z^2 pqN}{e^2(N-1) + z^2 pq}$$

Where: n: is the sample size for a finite population

N: size of population which is the number of households

P: population reliability (or frequency estimated for a sample of size n),

Where p is 0.5 which is taken for all developing countries population and p + q= 1

e: margin of error considered is 5% for this study.

Z  $\alpha$  /2: normal reduced variable at 0.05 level of significance z is 1.96

$$n = \frac{1.96^2 \cdot 0.5 \cdot 0.5 \cdot 305}{0.05^2 (305 - 1) + (1.96^2 \cdot 0.5 \cdot 0.5)}$$

$$n = \frac{292.922}{1.7204}$$

$$n = 170.3 \approx 170$$

After this determine sample size of each plantation was mandatory. Table 3.6. Shows sample size of 15 selected plantation in proportional way.

**Table 3.8. Sample size of each selected plantation**

No	Name of the plantations	Name of woreda the	Total	Sample	Sample
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		Plantation exist	Population	Calculation	Size
1	Gahber PLC	yeki	7	$(170*7)/305$	4
2	Gongery Coffee Plantation	yeki	5	$(170*5)/305$	3
3	Shisopy PLC	yeki	7	$(170*7)/305$	4
4	Tepi Green Coffee State	yeki	56	$(170*56)/305$	31
5	Ethio Agree Saft Gemadro Coffee plantation	Andracha	45	$(170*45)/305$	25
6	Ethio Agree Saft Duyna Coffee plantation	Andracha	42	$(170*42)/305$	23
7	Hora Andracha	Andracha	12	$(170*12)/305$	7
8	Iutah Industry PLC	Andracha	10	$(170*10)/305$	6
9	Danel Abraham coffee Plantation	Andracha	4	$(170*4)/305$	3
10	Lule Kelem Coffee and spice Plantation	Masha	6	$(170*6)/305$	3
11	Moblack Trading PLC	Masha	8	$(170*8)/305$	4
12	Masha Jengel Coffee Plantation	Masha	10	$(170*14)/305$	6
13	East Africa Agri Business Tea Plantation	Masha	61	$(170*57)/305$	34
14	Atrsagh Yegremew coffee plantation	Masha	6	$(170*6)/305$	3
15	Haile and Alem International PLC	Masha	26	$(170*26)/305$	14

16	Total		305		170
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Sampling technic to select respondents were simple random sampling by using lottery method each plantations based on each organizations number of employee.

In general this study used non probability sampling to select plantations and simple random sampling to select respondents of each firms.

### **3.9. Data Collection Methods**

To fulfill the identified objective of the study, the study consist of primary and secondary data collection methods. Primary data collected by using questioner and interviews. Questioner was administered to employee and managers of selected firms and interviews was administered to Sheka zone Labor and Social affairs, Investment office, Environmental Protection Authority management bodies. The questioner giving the respondents both open and close-end questionnaires. The questionnaire divided into two sections addressing the demography first with the first, the second section addressing the objectives of the research. The decision to used a questionnaire based on the fact that the tool was fairly easy to comprehend and used for the respondents (Burns & Ryman, 2008). Furthermore, it offers a high response rate as it was less burdening if compare to other tools such as focus groups. Additionally, a liker scale also used with options ranging from strongly agree to strongly disagree on a 5 point scale.

Also, face-to-face structured and semi-structured interviews also conducted. The interviews conducted using an open-end standard interview guide. Interview technique preferred in this research because the technique was generally suitable to target respondents and in some instances, respondents can give additional materials that are useful for the study. The key

respondents asked about what factors that hinder CSR programs to implement as well as their opinions about specific practices that can help improve the impact of these programs for target beneficiaries. Notes was typed and reviewed after each interview for completeness and accuracy.

Secondary data sources such as such as organizational charts and budgets, newspaper articles, websites, research findings from similar studies, reports from sheka zone administration and also plantations, working papers, and discussion papers.

### **3.10. Data Analysis Methods**

STAT 13 software package was used as a tool for this research. The qualitative data was analyze thematically to capture the complexities of meaning within the textual data set. Descriptive statistics was used to summarize the data and establish characteristics of the study population. The specific descriptive statistics was used entail mean and standard deviation.

Inferential statistics that involve the formulation of regression models; analysis of the coefficient of determination of the models and standard errors of the models (parameters) was used to analyze the quantitative data obtained to conceptualize the results. Inferential statistics was also used to estimate relationships between study variables the dependent and the various independent variables. The hypothesis was tested through multiple regression analysis. Conventions: 1: Completely disagree, 2: Disagree, 3: Normal; 4: Agree; 5: completely agree. P-values at a 5% significance level was used to measure the significance of regression coefficients. R-square was used to measure the explanatory power of the model and the relationships among the independent variables in this study to indicate whether there was multicollinearity based on the value of the correlation coefficient between any two

independent variables. A regression analysis was conducted to show the summary measure and analysis of variance (ANOVA) of the model.

### 3.11. Model specification

Statistical analysis conducted in this research was used the multiple linear regression model to analyze the cause and effect between CSR implementation and each selected affecting factor referred in the corresponding section of the study. As mentioned there was only one dependent variable used which is the CSR implementation. The method adopted in the empirical analysis was compact by the following general form of the models:

$$Y = X_i \beta_i + \varepsilon_i \dots \dots \dots 1$$

Where

$\beta_i$  = a vector of coefficients

$X_i$  = vector of Independent Variables

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon \dots \dots \dots 2$$

$$Y_i = f(X_1, X_2, X_3, X_4, X_5, X_6, X_7) \dots \dots \dots 3$$

Explanation:  $X_1, X_2, X_3, X_4, X_5, X_6, X_7$  organizational culture, knowledge, government policy, size of a firm, profitability, pressure groups and age of a firm.

$X_1, X_2 \dots X_7$  represents independent variables

$Y$  = Determinants of CSR

$\alpha$  &  $\beta_i$  Are regression parameters

$\varepsilon$  Is the error term.

### 3.12. Pilot study

A pilot study will use to test or design instruments before carrying out research (Saleemi, 2009; Gupta, 2007) and evaluate the feasibility, time, cost and adverse events that may affect data collection before conducting full-scale research projects. The results from piloting was used in validation of the instruments by addressing omissions notes, correcting and revising the items appropriately. Though, questionnaire which was adopted with minor customization from previous research a pre-test was made. Out of the 30 copies of questionnaires sent out 25 were completed and returned.

### 3.13. Reliability and validity of the study

**Reliability test:** - For this study Cronbach's alpha was also used to assess the internal consistency of variables in the research instrument. And Finally, Cronbach's Alpha test (Nunnally J. 1998) was done. The result of this study presents below.

**Table 3.13. Reliability test**

Measurement	Number of items	Cronbach's Alpha if Item Deleted
Organizational culture	6	.814
Knowledge about CSR	3	.716
Government policy	4	.761
Size of a firm	5	.791
Profitability	6	.833
Pressure groups	6	.815
Age of a firm	5	.757

As we can see from the above table reliability test result ranges from .716 to .833 and according to Nunnally J. 1998 the values are greater than 0.7 considered as reliable.

## **Validity**

In order to make sure the thesis is valid normality and heteroscedasticity tests also have been calculated (as we can see in the appendix) and measures were undertaken accordingly. Hence, normality and heteroscedasticity result shows the study is valid.

### **3.14. Ethical consideration**

Researchers are professionals hence, research ethics as a branch of applied ethics has well established rules and guidelines their conduct (Stephen Ifedha, 2016). First of all, asking the permission of respondents for both questionnaires and interview is one of the basic issues on the parameter of ethical consideration. Therefore, the investigator of this study could ask the permission for each respondent before go through in the study. The investigator has been giving also more emphasis the confidentiality of respondents as well. To this case, during the course of data collection through questionnaire and semi-structured and structured interviews, highest attention would be made to keep every respondent response by giving each participant a kind of code or symbol in secret. From the day beginning of data distribute, collection and from the information in detail, the researcher had kept the names of the respondents in both interview and questionnaires was one of the intent of the researcher in this study.

In this study, to describe ethical issues that how the researcher could ensure the protection, dignity, rights and safety of all research participants or respondents. The investigator had an ethical obligation which was typically associated with morality, and dealing with issues of right and wrong. Furthermore, as a social science researcher keeping of honesty was mandatory and also all respondents of this research had rights to protect them from any harmful things at large.

## **CHAPTER FOUR**

### **RESULT and DISCUSSION**

#### **4.1. Introduction**

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

Thus, this section mainly includes two categories such as descriptive statistics and results of the estimation of the model. The first part which is descriptive statistics primarily provides CSR practices corresponding to five dimensions namely treatment of labor, welfare of the community, and protection of the environment, health, human rights, and transparency in reporting. Therefore, descriptive statistics tools such as frequencies, percentage, mean, and standard deviation are employed in this regard. The second part provides the results of the estimations of the model (econometric method). The relationship between the dependent variable (CSR) and independent variables (organizational culture, government policy, pressure groups, knowledge, profitability, age of the company, and size of the firm) is presented in this part of the study.

Qualitative analysis is developed using data which have been collected using interview. This is used to assist or/and to seal the gap of the questionnaire as well as the quantitative analysis. With respect to this, sheka zone investment office, labor and social affair office and environmental protection office were interviewed. Quantitative analysis, however, focused on the results of the questionnaire, which is the main instrument of the study and questionnaires are distributed to 15 coffee and tea plantations. From 170 questioners distributed 20

questionnaires are excluded. Because some of them are not responded and the rest are disqualified. Thus, as mentioned 150 questionnaires are used in the analysis which is 88.24%.

## **4.2. Descriptive Statistics Results**

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

Regarding the descriptive interpretations for variables or dimensions used on Liker scale; the measurement was used on the basis of the survey; 5 = strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = strongly disagree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). And, to make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane B. 2007). Others part of questioners which were not presented in liker scale forms were also presented and analyzed as a descriptive statistics.

The means and standard deviations of the responses are described in Appendix 1. The mean indicates that to what level of agreement the response of all respondents is approached. It also measures CSR practices of companies with regard to the samples. Standard deviation, however, measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses. Thus, the means and standard deviations of variables are described as request as the analysis.

## 4.2.1. Socio-Demographic Characteristics of Respondents

### 4.2.1.1. Sex of respondents

**Table 4.2.1.1. Sex of Respondents**

Sex of respondents	frequency	percent
male	112	75
female	38	25
total	150	100

Source: developed by the author (using STATA), 2020

Out of the 150 respondents for the study, 112 were male (75%) whilst. It is obvious that the data was bias towards male. Even though the focus of the study is to measure CSR Practice which has no gender consideration, males and females gave same answers.

### 4.2.1.2. Age of respondents

**Table 4.2.1.2. Age of Respondents**

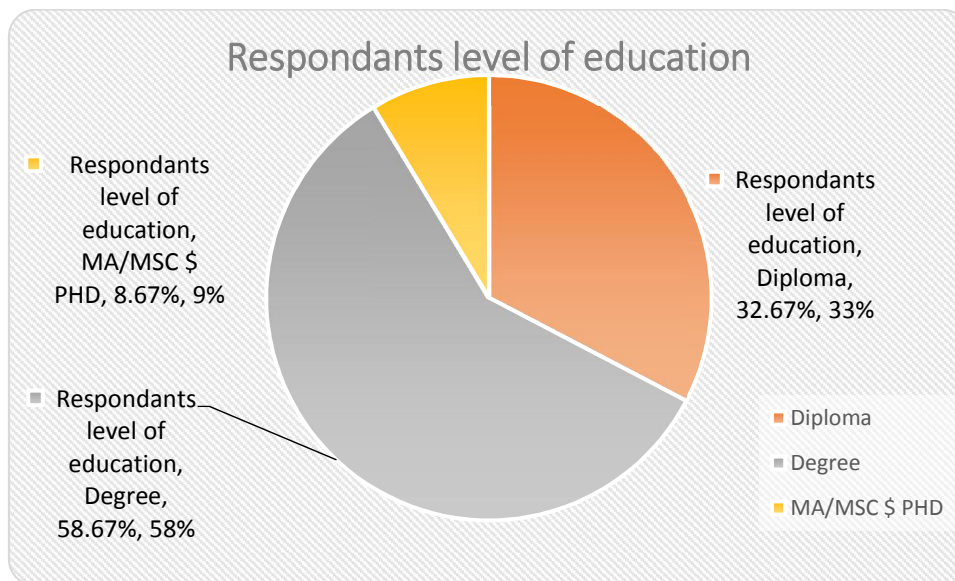
Sex of respondents	frequency	percent	cumulative
18-30 years old	42	28	28
30-50 years old	101	67.33	95.33
>50 years old	7	4.67	100
total	150	100	

Source: developed by the author (using STATA), 2020

The age distribution of respondents reported in Table 4.1 shows that majority of the respondents fell within the age bracket of 30-51 years (58.67%). This is followed by 18-30 age brackets which represent 28 % of the total sample. Respondents who fell within 50 and above age groups constituted 4.67 per cent of the sample.

#### 4.2.1.3. Education level of respondents

**Chart 4.2.1.3. Educational level of Respondents**



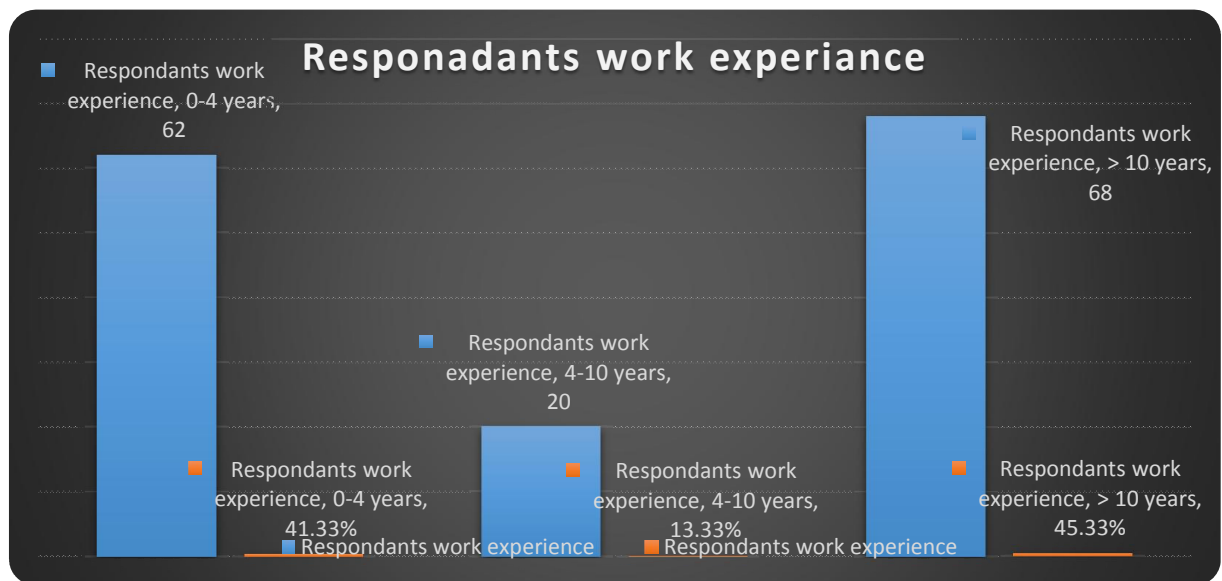
Source: developed by the author (using STATA), 2020

Educational Background of Respondents; With the educational background, 58.67 percent of respondent said that they possessed BA/BSc /first degree educational qualifications; 32.67 per cent have diploma; 8.67 per cent have second degree professionals/ postgraduate education; there are no respondents which have 12 or 10 complete.

Education is important in the assessment of CSR practice because education provides light for correct appreciation of every aspect of situation and researcher is also targeted managers. Therefore, majority of the respondents being educated to the higher level that adds some impetus to the quality of the data gathered for the study.

#### 4.2.1.4. Work experience of respondents

**Graph 4.2.1.4. Work experience of Respondents**



Source: developed by the author (using STATA), 2020

The length of time of being with an employer/investor is a sine qua non for objective assessment of its service quality above the minimum requirements. Therefore, to gauge the quality of data for the study the respondents were asked to indicate the length of time they had spent with farms. The results indicate that 45.33 per cent of the respondents had spent greater

than 10 years with the farms; 41.33 per cent 0-4 years and 20 per cent of the respondents work experience was between 4-10 years.

The distribution has been summarized in Graph 4.2.1.4. The remarkable view on the element tested is that, higher proportion employees who have stayed with the plantation longer than four and greater than ten years in the plantation implies that they were well known about CSR activities by the plantations.

#### **4.2.2. CSR in Terms of Labor Handling**

Constitution of the Federal Democratic Republic of Ethiopia (Proclamation No. 1/1995), among other things, grants rights to labor, form associations, bargain collectively with employers, express grievances, including the right to strike, reasonable limitation of working hours, rest, periodic leave with pay, remuneration for public holidays as well as healthy and safe work environment.

As indicated in Article 9(4) of the Constitution of the FDRE, all international agreements including ILO convention ratified by Ethiopia are an integral part of the law of the land. Again, Labor Proclamation No.377/2003, among others, covers contract of employment, duration of employment, salary and wage, hours of work and overtime, monetary and non-monetary benefits, working conditions of women and young workers, occupational safety, health and working conditions, occupational injuries and occupational disease, trade unions and employment associations, collective agreement and collective bargaining.

**Table 4.2.2. CSR in Terms of Labor Handling**

Degree of agreement	Carrier development	Freedom of association	Health and safety	Favorable work environment
---------------------	---------------------	------------------------	-------------------	----------------------------

	Frequen cy	%	Frequen cy	%	Frequen cy	%	Freque ncy	%
SD	64	42.67	44	29.33	37	24.67	69	46
D	31	20.67	19	12.67	14	9.33	25	16.67
N	25	16.67	12	8	8	5.33	28	18.67
A	19	12.67	40	26.67	34	22.67	17	11.33
SA	11	7.33	35	23.33	57	38	11	7.33
Total	150	100	150	100	150	100	150	100

Source: developed by the author (using STATA), 2020

CSR practice can be described in terms of labor treatment in a specific dimension. In other words labor dimension of CSR can be describe in terms of development of skills and long-term careers, freedom of association of workers, health and safety of employees and favorable work environment. These variables and their numerical description are listed in table **4.2.2**.

From this table, it is possible to infer that about 42.67% respondents strongly disagreed and 20.67% disagree about plantations implementation of skill and carrier development practice while around 12.67% of them agreed 7.33% strongly agree skill and carrier development implementation in plantations. And 16.67% were indifferent. The mean or average response is 2.21 which lie disagree. And standard deviation is 1.31 indicates that there is almost one level of average difference between respondents.

When we see freedom of association 29.33% respondents strongly disagreed and 12.67% disagree about plantations implementation of freedom of association while around 26.67% of them agreed 23.33% strongly agree freedom of association implementation in plantations. And 8% were indifferent. The mean or average response is 3.02 which lie neutral. And standard deviation is 1.58 indicates that there is almost one level of average difference

between respondents. To sum freedom of association, almost half of the respondent's belief that freedom of association implementation status was practiced in firms.

When we see Health and safety measures 24.67% respondents strongly disagreed and 9.33% disagree about plantations implementation of health and safety while around 22.67% of them agreed 38% strongly agree health and safety implementation in plantations. And 8% were indifferent. The mean or average response is 3.4 which lie neutral. And standard deviation is 1.6 indicates that there is almost one level of average difference between respondents. This implies that majority of the respondents are not satisfied with health and safety measures that the plantations provided to its employees.

When we see creating favorable work environment 46% respondents strongly disagreed and 16.67% disagree about plantations implementation of freedom of association while around 11.33% of them agreed 7.33% strongly agree freedom of association implementation in plantations. And 18.67% were neutral. The mean or average response is 2.17 which lie disagree. And standard deviation is 1.32 indicates that there is almost one level of average difference between respondents. This implies that majority of the respondents are not satisfied with firms activities of creating favorable work environment.

To sum up, the description shows, the firm practices labor standard of CSR only in terms of health and safety activities. Whereas, in reference to other three variables of labor handling the description do not declare CSR practice of coffee and tea plantation in sheka zone.

Interview conducted also declared that the firms do not have better practiced in labor standards. Many of the plantation does not have their own clinics in order to give curative as well us rehabilitation health service like that of family planning, delivery service, antenatal

care, prevention of communicable diseases etc. And external measurement was conducted in availability of health facility, safety dresses, and availability of latrine etc. Concerning to creating favorable working environment and keeping freedom of association were not practiced in well manner. Even the house for temporary workers are not kept well, many firms (specially small firms) have a problem of not pay on time, firing from work without any reason, not volunteer to create workers association and from 35 coffee and tea plantation only 14 had workers association. This implies that firms are not good in creating and facilitation of workers association as a result of this workers are not able to exercise their right. Only 40% of firms can manage, challenge and can negotiation with employers in exercising employee's right and solving problems. In other ways this condition creates conflict between the employer and employee rather than making decision by consulting each other.

### 4.2.3. CSR in Terms of Environmental protection

**Table 4.2.3. CSR in Terms of Environmental protection**

Degree of agreement	Comply with environmental laws, rules and regulations		Protection of natural environment	
	Frequency	%	Frequency	%
SD	82	54.67	56	37.33
D	27	18	19	12.67
N	13	8.67	28	18.67
A	13	8.67	22	14.67
SA	15	10	25	16.67
Total	150	100	150	100

Source: developed by the author (using STATA), 2020

Shkea zone is one of the area in which known for its environmental preservation and protection activities. Protecting the environment is one of the culture of the community. Because of this many area of the zone is registered by UNISCO.

In this study, respondents were asked about the corporate social responsibility of their organization towards environmental protection or organizational practice of protecting the environment from deforestation. As can be seen from Table 4.2.3. 54.67% respondents strongly disagree with firm's comply with environment laws and regulations. Only 10% of respondents were strongly agree with firm's keeping environmental laws and regulation. The mean or average response is 2.01 which disagree. And standard deviation is 1.37 indicates that there is almost one level of average difference between respondents. Related to protection of the natural environment, 37.33% of respondents strongly disagree, 12.67% disagree, 18.67% neutral, 14.67% were agree and 16.67 % strongly agree about protecting environment. The mean or average response is 2.6 which lie neutral. And standard deviation is 1.5 indicates that there is almost one level of average difference between respondents.

In relation to interview of CSR in terms environmental areas interviewee were strongly disagree about coffee and tea plantations environmental protection and preservation activates. All respondents Saied that all plantations did not have environmental mitigation plan, there was highly deforestation activities in many firms, some of investments were gain the land without measuring GPS so they possess more hectare of land and practice expansion of land without authorization of local government and eco-system service payment system like other organization was not practiced in these firms.

In general there is three stage approach such as Constitutional Measure, Policy Measures and Legislative Measures were adopted in order to address these environmental problems and

heading towards achieving sustainable development. The 1995 Constitution of Ethiopia has a large environmental scope which defined the environmental values to be preserved and protected. More specifically, the constitution under Articles 44 and 92 proclaims that all citizens shall have a right to live in a clean and healthy environment. Government and citizens shall have a duty to protect the environment. In addition to this, adoption of Environmental Policy and the Conservation Strategy of Ethiopia, ratification of multilateral environmental Conventions, establishment of the Environmental Protection Authority are some of the basic moves towards heading for environmental protection and sustainable development in Ethiopia. Even though there was a strong proclamation as we can see the above result environmental activities in coffee and tea plantations in sheka zone is in a great danger. Firms have a great problem in comply with environmental laws and regulation and also participation in environmental protection activates. This issue becomes very serious because many areas of the zone are resisted in UNISCO biosphere reserve plan.

#### **4.2.4. CSR in Terms of Human Rights**

CSR practice of a company also can be expressed in terms of whether the firm carries out human rights or not. For this section of the paper human rights articulated through promotion of human rights and fighting discrimination.

**Table 4.2.4. CSR in Terms of human rights**

Degree of agreement	Promotion of human rights		Against discrimination	
	Frequency	%	Frequency	%
SD	67	44.67	17	11.33

D	20	13.33	20	13.33
N	5	3.33	12	8
A	36	24	42	28
SA	22	14.67	59	39.33
Total	150	100	150	100

Source: developed by the author (using STATA), 2020

From table 4.2.4 we can deduce the following facts. Of the total number of respondents, majority (44.67%) strongly disagree, 13.33% disagree, 24% agree and 14.67 strongly agree about implementation of human right and 21.9% neutral concerning promotion of human rights in their company. The mean response is 2.5 which disagree. And standard deviation is 1.58 indicates that there is almost one level of average difference between respondents. On the statement struggling against discrimination, approximately 67% responded optimistically, 25% pessimistically and about 8% neutral. The mean response is 3.7 which agree. And standard deviation is 1.58 indicates that there is almost one level of average difference between respondents.

To decide at these levels of agreement, sampled firms not practice CSR along the dimension of human rights. While antidiscrimination practice was implemented in a better way. The interview results also claims.

#### **4.2.5. CSR in Terms of Transparency**

In response to the growing interest in corporate social responsibility, companies are trying to create ethical work force, ethical decision making, and other dimensions of CSR. Transparency activities also included in this regard. Transparency and sense of accountability

are variables which are designed to describe transparency. These variables are numerically described below in Table 4.2.5.

**Table 4.2.5. CSR in Terms of Transparency**

Degree of agreement	Transparency in activities		Sense of accountability	
	Frequency	%	Frequency	%
SD	46	30.67	42	28
D	26	17.33	20	13.33
N	5	3.33	11	7.33
A	39	26	40	26.67
SA	34	22.67	37	24.67
Total	150	100	150	100

Source: developed by the author (using STATA), 2020

Concerning on transparency of activities 30.67%, 17.33%, 26% and 22.67% responded strongly disagree, disagree, agree and strongly agree about implementation of transparent works in the firms. The mean value of respondents is 2.9 (which is neutral) and standard error of 1.6.

In sense of accountability 28% responded strongly dis agree and 13.33 responded disagree. On the other hand 26.67% responded agree and 24.67% strongly agree the practice of accountability in their firms. The mean value of respondents is 3.06 (which is neutral) and standard error of 1.58.

Based on these descriptions we can conclude that the firm is practicing CSR in terms of accountability is better than transparency. But this does not mean accountability is performed

in firms in acceptable way. With reference to sense of accountability, about 51% of employees responded positively, 42% responded negatively and only about 7% of them were indifferent. With reference to sense of transparency, about 49% of employees responded positively, 48% responded negatively and only about 3% of them were indifferent.

In general, since number of respondents who response positively is almost similar with number of respondents who response negatively CSR measure in terms of transparency is neither in better way nor in worst way. It lies between the two extremes.

#### 4.2.6. CSR in Terms of Community Welfare

Community welfare dimension of CSR described in four variables namely planning of CSR activities, community service, local community in decision making position and dialogue with the community on the responses gathered from selected firms, levels of agreement of respondents are described in Table 4.2.6.

**Table 4.2.6. CSR in Terms of Community Welfare**

Degree of agreement	Planning activity of CSR		Community service		dialogue with community		Local community in decision making positions	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
SD	77	51.33	38	25.33	79	52.67	37	24.67
D	30	20	20	13.33	33	22	13	8.67
N	20	13.33	28	18.67	17	11.33	11	7.33
A	17	11.33	44	29.33	14	9.33	39	26
SA	6	4	20	13.33	7	4.67	50	33
Total	150	100	150	100	150	100	150	100

Source: developed by the author (using STATA), 2020

From the descriptive analysis among 150 data the respondent who respond strongly disagree 51.33%, 20% of the respondent respond disagree, 13.33% of respondent respond undecided, and 11.33% of respondents respond agree, and 4 % of respondents respond strongly agree. From this result, investigator concluded that the most respondents said that planning activities concerning of CSR did not strong and in this case, it affected the participation of private organization in corporate social responsibility.

Community service has focused to coordinate the social need of the surrounding people by implementing developmental activities. In regard of community service, as of the above table 4.2.6.- 25.33%, 13.33%, 18.67%, 29.33%, and 13.33%, of respondents responded strongly disagree, disagree, undecided, agree, and strongly agree with respectively implementation of community service in selected firms. The mean response is 2.9 which neutral. And standard deviation is 1.4 indicates that there is almost greater than one difference between respondents. From this result the investigator concluded almost 39% of respondents disagree, 42 % agree about community service and many of them are neutral (18.77%). Even though number of respondents who say agree is greater than number of respondents who say disagree the difference is not us such big. So implementation of CSR in terms of community service is not us such satisfactory.

As the investigator interviewed the government bodies based on the above questions and they had strongly agreed that their organizational management focused only on the area of profit maximization target of the organization. This was also indicated that the integration issue was not familiar in sheka zone private sector. And it was also the factor that address the objective this research in general.

Another part of community welfare that used to measure corporate social responsibility is participation with the local community. From the total number of respondents: 79 (52.67%) of the respondents said strongly disagree, 33 (22%) were said disagree, 17(11.33%) said undecided, 14 (9.33%) said agree, and 7 (4.67%) said strongly agree. According to the above table, almost 74.67 % of the respondents gave the answer of strongly disagree and disagree and which meant that many plantation had no trend of integrating with the local community. The rest respondents had responded by using neutral or undecided, agree and strong agree which was nearest to 25.3%. Therefore, the investigator had concluded that the majority number of respondents indicated that firms had no deep knowledge about the theory or concepts of integrating and its implementation as well.

The social responsibility of a firm is also measured in terms of involvement of local communities in decision making positions. Respondents were asked to express their feeling on whether plantations has created employment opportunity for the local communities in apposition that make them to make decision. As can be seen from Table 4.2.6 24.67% strongly dis agree and 8.67% disagree about local community employment in decision making position. While 26% agree and 33% strongly agree that the establishment of the plantations in the area has created more employment opportunities for the local communities in decision making position. On the other hand, 7.33 % of the respondents responded they are neutral. The mean response is 3.53 which agree. And standard deviation is 1.5 indicates that there is almost greater than one difference between respondents. The interviewed result was presented based on the above question as follows; The Chief executives of firms and owners of firms mostly appoint persons who lead and management bodies was without participation of local

communities. But in recent months this trend becomes changed greatly due to enforcement of youth.

Generally, both findings of quantitative and qualitative data were indicating that the absence of community welfare was a serious factor that attacks the participation of private organization in corporate social responsibility in sheka zone. And also some interviewers believed that Companies 'owners had lack knowledge about social corporate social responsibility and its implementations at large. And they had also said that there were weak promotion in the social affairs program of local government in terms of CSR and its responsibility too. Lastly, others concluded that there were Passive and weak clarity about the investment policy and coordination activities in the agenda of community development.

Therefore, the absence of active and cleaver concerned body, lack of integrating and collaborating frame work, lack planning about social corporate social responsibility were real factor that affecting the involvement of private organization in corporate social responsibility in the sheka zone at large. As the author mentioned in chapter one, the major objective of this research was identifying and explaining the factors that affect the implementation of corporate social responsibility based on the findings of the investigation in general. Therefore, the interference or interventions of the participation were clearly indicated on the above, so that it was the way to achieve the research object accordingly chapter one.

### **4.3. Results of the Estimations of the Model**

This section of the chapter discusses about the results of the estimations of the research model. In reference to chapter three, the research model is designed based on logistic regression. Logistic regression equation bears many similarities to the ordinary regression equations. In logistic regression, instead of predicting the value of a variable Y from a

predictor variable  $X_1$  or several predictor variables ( $X_s$ ), we predict the probability of  $Y$  occurring given known values of  $X_1$  (or  $X_s$ ).

Therefore, CSR practice (dependent variable) to be explained in this study on the basis of seven predictors such as Organizational Culture (OC), Knowledge about CSR (KN), Government Policy (GP), size of a Firm (SF), Profitability (PR), Pressure Groups (PG) and Age of the Firm (AF).

#### **4.3.1. Multicollinearity between variables**

The term collinearity implies that two variables are near perfect linear combinations of one another. Multicollinearity occurs in situations where two or more independent variables correlate with each other moderately or strongly. If this issue is unnoticed it leads to wrong predictions. One way to avoid the problem is to select such variables that are not in any case correlated. As this is usually not possible, the issue needs to be addressed before any predictions are made. The primary concern is that as the degree of multicollinearity increases, the regression model estimates of the coefficients become unstable and the standard errors for the coefficients can get wildly inflated.

Whether too much multicollinearity exists between variables is testable with a help of variance inflation factor (*VIF*), which qualifies how much variance is inflated. As a rule of thumb, a variable whose *VIF* values are greater than 10 may merit further investigation. Tolerance, defined as  $1/VIF$ , is used by many researchers to check on the degree of collinearity. A tolerance value lower than 0.1 is comparable to a *VIF* value of 10. It means that the variable could be considered as a linear combination of other independent variables (Simon 2004.)

**Table 4.3.1 multicollinearity**

Variable	VIF	1/VIF
OC	3.52	0.283908
PG	2.62	0.382297
GP	2.48	0.402652
AF	2.29	0.436566
SF	2.17	0.459775
KN	1.88	0.531939
PR	1.11	0.900232
Mean VIF	2.30	

Source: developed by the author (using STATA), 2020

As of table 4.3.3. VIF (variance inflation factor) of each variable did not exceed the critical value of ten and/or 1/VIF result of all variables were less than 1. So there are no multicollinearity related problems.

### **4.3.2. Correlation between variables**

Correlation coefficient correlation test shows the strength of the relationship between different variables that represent the different concepts of the theoretical model. The correlation test is commonly used to disclose relationships between different variables. Since all the statement variables in this study are ordinal, this type of correlation test is suitable (Pallant, 2005; Bryman & Bell, 2011).

A relationship between the variables occur when the value is close to 1 or -1, indicating the strength and the direction of a relationship. There is no relationship if the value is 0. However, this test does not uncover the causal effect of the related variables (Bryman & Bell, 2011). Complete correlation between variables is expressed by either +1 or -1. When one variable increase as the other increase the correlation is positive, when one decrease as the other increase is negative (Field et al, 2009).

Several approaches have been suggested to translate the correlation coefficient into descriptors like “weak,” “moderate,” or “strong” relationship. These cutoff points are arbitrary and inconsistent. While most researchers would probably agree that a coefficient of <0.1 indicates a negligible, 0.10 – 0.39 weak, 0.4 – 0.69 moderate, 0.70 – 0.89 strong and >0.9 very strong. So this study used this cutoff points to interpret the results.

This study used Spearman’s correlation. The Spearman’s correlation test shows the strength of the relationship between different variables that represent the different concepts of the theoretical model. The Spearman’s correlation test is commonly used to disclose relationships between different variables. Since all the statement variables in this study are ordinal, this type of correlation test is suitable (Pallant, 2005; Bryman & Bell, 2011).

**Table 4.3.2. Correlation Matrix**

	CSR	OC	KN	GP	SF	PR	PG	AF
CSR	1.0000							
OC	0.7536	1.0000						
KN	0.6666	0.6454	1.0000					

GP	0.6690	0.6935	0.4631	1.0000				
SF	0.6684	0.5875	0.4368	0.5546	1.0000			
PR	0.0146	0.2718	0.2385	0.1844	0.0647	1.0000		
PG	0.6628	0.7053	0.4371	0.6917	0.5575	0.1747	1.0000	
AF	0.6755	0.6329	0.5347	0.5666	0.6777	0.2069	0.5068	1.0000

Source: developed by the author (using STATA), 2020

As we can see from table 4.3.1. There is no any relationship that is negative. That means the relationship between variables is positive. When we look the degree of correlation for each variable OC and CSR have strong relation ( $r=0.7536$ ) which implies organizational culture and CSR have strong relationship in study area which means the greater implementation of CSR, is because of organizational culture, KN and CSR have moderate relation ( $r=0.6666$ ) which implies knowledge about CSR and CSR have moderate relationship in study area, KN and OC have strong relation ( $r=0.6445$ ) which implies knowledge about CSR and organizational culture have moderate relationship in study area, GP and CSR have moderate relation ( $r=0.6690$ ) which implies government policy and CSR have moderate relationship in study area, GP and OC have moderate relation ( $r=0.6935$ ) which implies government policy and organizational culture have moderate relationship in study area, GP and KN have moderate relation ( $r=0.4368$ ) which implies government policy and knowledge have moderate relationship in study area, SF and CSR have moderate relation ( $r=0.6684$ ) which implies size of a firm and CSR have moderate relationship in study area, SF and OC have moderate relation ( $r=0.5875$ ) which implies size of a firm and organizational culture have moderate

relationship in study area, SF and KN have moderate relation ( $r=0.4368$ ) which implies size of a firm and knowledge about CSR have moderate relationship in study area, SF and GP have moderate relation ( $r=0.5546$ ) which implies size of a firm and government policy have moderate relationship in study area, PR and CSR have negligible ( $r=0.0146$ ) which implies profitability and CSR have weak relationship in study area that means the increment or decrement of profitability have very weak relationship CSR in selected firms, PR and OC have weak relation ( $r=0.2718$ ) which implies either firms are profitable or not the relationship they have with the implementation of organizational culture is weak relationship in study area, PR and KN have weak relation ( $r=0.2385$ ) which implies the increment or decrement of profitability have weak relation with knowledge about CSR, PR and GP have weak ( $r=0.1844$ ) which implies profitability and Government policy have weak relationship in study area that means the increment or decrement of profitability have weak relationship on government policy in selected firms, PR and SF have negligible ( $r=0.0647$ ) which implies profitability and size of a firm have very weak relationship in study area that means the increment or decrement of profitability have weak relationship either the firm is small, medium or large it was in selected firms, PG and CSR have moderate relation ( $r=0.6628$ ) which implies pressure groups and CSR have moderate relationship in study area, PG and OC have strong relation ( $r=0.7053$ ) which implies the involvement of pressure groups results to implement organizational culture in selected plantations in study area, PG and knowledge about CSR have moderate relation ( $r=0.4371$ ) which implies pressure groups and knowledge about CSR have moderate relationship in study area, PG and GP have moderate relation ( $r=0.6917$ ) which implies pressure groups and government policy have strong relationship in study area, PG and SF have moderate relation ( $r=0.5575$ ) which implies pressure groups and

size of a firm have moderate relationship in study area, PG and PR have weak ( $r=0.1747$ ) which implies pressure groups and profitability have weak relationship in study area that means pressure groups did not have any relation with that of either the firm is profitable or not, AF and CSR have moderate relation ( $r=0.6755$ ) which implies age of a firm and CSR have moderate relationship in study area, AF and OC have moderate relation ( $r=0.6329$ ) which implies age of a firm and organizational culture have moderate relationship in study area, AF and KN have moderate relation ( $r=0.5347$ ) which implies age of a firm and knowledge about CSR have moderate relationship in study area, AF and GP have moderate relation ( $r=0.5666$ ) which implies age of a firm and government policy have moderate relationship in study area, AF and SF have moderate relation ( $r=0.6777$ ) which implies age of a firm and size of a firm have moderate relationship in study area, AF and PR have weak ( $r=0.2069$ ) which implies age of a firm and profitability have weak relationship in study area that means the increment or decrement of profitability do not have any relationship either the firm is new or old and AF and PG have moderate relation ( $r=0.5068$ ) which implies age of a firm and pressure group have moderate relationship in study area.

### 4.3.3. Regression

**Table 4.3.3. A Regression table of variables**

Source	SS	df	MS	Number of obs =	150
				F( 7, 142)	= 63.52
Model	222.354058	7	31.7648654	Prob > F	= 0.0000
Residual	71.0059422	142	.500041846	R-squared	= 0.7580
Total	293.36	149	1.96885906	Adj R-squared	= 0.7460

					Root MSE	= .70714
CSR	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
OC	.2107277	.0748238	2.82	0.006	.0628153	.3586401
KN	.2668309	.0529967	5.03	0.000	.1620665	.3715953
GP	.1416084	.066282	2.14	0.034	.0105814	.2726354
SF	.2344329	.1039274	2.26	0.026	.0289881	.4398778
PR	-1.09618	.233436	-4.70	0.000	-1.557639	-.6347208
PG	.1484755	.0651381	2.28	0.024	.0197098	.2772411
AF	.2847382	.1049988	2.71	0.008	.0771754	.4923009
_cons	.6049971	.2843598	2.13	0.035	.0428715	1.167123

Source: developed by the author (using STATA), 2020

#### 4.3.3.1. ANOVA Table

The top left corner presents an analysis-of-variance (ANOVA) table. The column headings SS, df and MS stand for ‘Sum of Squares’, ‘degrees of freedom’ and ‘Mean square’ respectively.

As of table 4.3.2. The total sum of squares is 293.36 (total sum of square of the model), of which 222.35 is accounted for by the model (expected sum of square of the model) and 71 is left unexplained (in the residual). This implies organizational culture, knowledge about CSR, government policy, size of a firm, profitability, pressure groups and age of a firm explains

dependent variable (Corporate social responsibility) 222.35 and the remaining 71 is explained by other variables.

#### **4.3.3.2. Summary Statistics**

Summary statistics are displayed to the right of the ANOVA table. There are 150 observations included in the regression analysis. The summary table shows the various sums of squares described in the table above and the degrees of freedom associated with each. From these two values, the average sums of squares (the mean squares) can be calculated by dividing the sums of squares by the associated degrees of freedom. The most important part of the table is the F-ratio, which is a test of the null hypothesis that the regression coefficients are all equal to zero. Put in another way, this F statistic tests whether the R<sup>2</sup> proportion of variance in the dependent variable accounted for by the predictors is zero and the table also shows the associated significance value of that F-ratio (Field, 2009). For this data, F is 63.52, which is significant at  $p < 0.000$  (because the value in the column labeled Sig. is less than 0.0000). This result tells us that there is less than a 0.00% chance that an F-ratio this large would happen, if the null hypothesis proposed about F-ratio were true. Therefore, we can conclude that our regression model results in significantly better prediction of factors affecting CSR in coffee and tea plantation in sheka zone and that the regression model overall predicts have effect on CSR implementation significantly well.

#### **4.3.3.3. Good Fitness of the Model**

The good fitness of the model, The R-squared for the regression is 0.758 and R-squared adjusted is 0.746. The R-squared tells how well regression model fits the observed data. The value of 0.758 tell us that the model accounts for 75.8 per cent of the variance in the data which means independent variable explains the dependent variable (CSR) by 75.8%. In other

words, 75.8 % of CSR implementation variation depends on the seven independent variables (organization culture, Knowledge about CSR, Pressure groups, size of a firm, government policy, profitability and age of a firm). R-squared adjusted is 74.6% this means even though we add irrelevant values our  $r^2$  value is 74.6% or it is the penalty added to R- square. Although there is no hard and fast rule to the amount of R-squared, the larger the R-squared the more the good fitness. So this implies this model fits well good fitness test.

#### 4.3.3.4. Estimated Coefficients

STATA produces a table of estimated coefficients. The first line indicates that the dependent variable in this regression model was CSR. This table provides information on: the estimated coefficient, its standard error, the t statistic which tests the hypothesis that the coefficient is equal to zero, the probability of observing this t-statistic if the 0-hypothesis were valid, and a confidence interval for the estimated coefficient.

The unstandardized coefficient refers to the direction of the relationship and the amount of change that the different independent variables contribute to brand image given that one unit change in the value of the independent variable. This result explains all the independent variables have positive signs except profitability since profitability have negative sign. we can say that the odds of a CSR practice is existed due to organizational culture is 0.2107, knowledge about CSR is 0.268, government policy is 0.141, size of a firm is 0.234, pressure group is 0.148, age of a firm is 0.28. The probability of existence of CSR practice does not increases as profitability increase since its coefficient is -1.09. This implies that, the findings of this study found that there is no significant relationship between profitability and CSR. In other word the effect of the organizational culture would increase CSR implementation value with 0.2107 units, given that all other variables in the model are constant. The effect of the

Knowledge about CSR would increase CSR implementation value with 0.2268 units, given that all other variables in the model are constant. The effect of the government policy would increase CSR implementation value with 0.141 units, given that all other variables in the model are constant. The effect of size of a firm would increase CSR implementation value with 0.234 units, given that all other variables in the model are constant. The effect of the pressure groups would increase CSR implementation value with 0.148 units, given that all other variables in the model are constant. The effect of the age of a firm would increase CSR implementation value with 0.28 units, given that all other variables in the model are constant. Organizational culture, Knowledge about CSR, Size of a firm and age of a firm are huge related to CSR implementation than pressure groups and government policy. This means that Organizational culture, Knowledge about CSR, Size of a firm and age of a firm are more important factors to CSR implementation in selected firms in sheka zone.

**Table 4.3.3. B. Beta Coefficient**

SR	Beta
OC	.2182207
KN	.2850094
GP	.1390052
SF	.1373468
PR	-.2043334
PG	.1522026
AF	.169449

As we can see from table 4.3.2. B The beta coefficient, in contrast to the unstandardized, explains how much each independent variable uniquely contributes to the regression model. In this case knowledge about CSR has the largest beta coefficient of 0.2850094, which means that this variable contributes the most to the model compared to the other independent variables.

The findings of this study are consistent with other studies where many studies controlled for three variables (firm size, industry sector and firm age) which have a significant impact on the CSR (Brik et al., 2011; Barone et al., 2007; Bhattacharya and Sen, 2004; Maignan et al., 1999). Small firms are less able than their large counterparts to adopt CSR principles and to communicate their CSR activities to external stakeholders (Margolis et al., 2007; Brik et al., 2010; Stanwick and Stanwick, 1998). Also, Brik et al., (2010) provides evidence that the stakeholders expect more social initiatives from large corporations than from small ones. Moreover, Park (2010) indicated that the large firms have more resources available, and are able to involve more CSR activities. One can say that the differences between the findings of this study and other studies are due to many variables such as corporate strategy, management philosophy and culture which are totally different in developing countries than developed countries. Perhaps the most investigated question, at least in management literature involving CSR has been its relationship with profitability growth (Zahra & La Tour, 1987 cited in Cottril, 1990). Ferris (1997 cited in Tsoutsoura, 2004) discovered a negative relationship; Posnikoff (1997 cited in Tsoutsoura, 2004) reported a positive relationship, whereas Welch and Wazzan (1999 cited in Tsoutsoura, 2004) found no relationship between CSR and profitability. Other studies, discussed in McWilliams and Siegel (2000), are similarly inconsistent concerning the relationship between CSR and short-run financial returns.

#### 4.3.3.5. Significance Level

The other important aspect is the significance level, which tells if there is any statistical significance in the results regardless of the strength of the relationship. (Rodgers & Nicewander 1988.)

This significance is expressed in probability level  $p$  (for instance at  $p = 0.05$  or  $p = 0.01$ ). The level of significance explains how unlikely any given correlation coefficient,  $r$ , will have no relationship in the population. In other words it tells whether the observations seem to follow a path rather than simple chance. The smaller the  $p$ -level, the more significant the results are. (Rodgers & Nicewander 1988.)

The output in Table 4.3.2 indicates that there are significant results at both 5 % and 1 % levels. Significance at a level of 1 % seems to be found organizational culture ( $p=0.006$ ), knowledge about CSR ( $p=0.000$ ), profitability ( $p=0.000$ ) and age of a firm ( $p=0.008$ ). Significance at a level of 5 % is found government pressure ( $p=0.034$ ), size of a firm ( $p=0.026$ ) and pressure groups ( $p=0.024$ ). This implies that the corporate social responsibility implementation dimensions make a significant contribution ( $p < 0.05$ ) in predicting factors affecting CSR implementation in coffee and tea plantation in sheka zone.

The regression model of this study can now be properly written in an equation form as the following.

$$Y \text{ (CSR)} = (0.60499) \text{ constant} + (0.2107277) \text{ OC} + (0.2668309) \text{ KN} + (0.1416084) \text{ GP} + (0.2344329) \text{ SF} - (1.09618) \text{ PR} + (0.1484755) \text{ PG} + (0.2847328) \text{ AF} + 0.2843598$$

Where,  $Y$  = Corporate social responsibility

$a$  =  $y$  intercept

b 1 = the regression coefficient or beta weight of organizational culture

x 1 = organizational culture

b 2 = the regression coefficient of knowledge about CSR

x 2 = knowledge about CSR

b 3 = the regression coefficient of government policy

x 3 = government policy

b4 = the regression coefficient or beta weight of size of a firm

x 4 = size of a firm

b 5 = the regression coefficient of profitability

x 5 = knowledge about profitability

b 6 = the regression coefficient of pressure groups

x 6 = pressure groups

b7 = the regression coefficient of age of a firm

x 7 = age of a firm

$\varepsilon$  = error term

#### 4.3.4. Hypothesis Testing and Interpretation of Results

**Table 4.3.4. Summary of the overall outcome of the Research Hypotheses**

<b>Hypotheses</b>	<b>Result</b>
H1: There is a positive relationship between organizational culture and CSR	H1: Accepted
H1: There is a positive relationship between knowledge about CSR and CSR	H1: Accepted
H1: There is a positive relationship between government policy and CSR	H1: Accepted

H1: There is a positive relationship between size of a firm and CSR	H1: Accepted
H1: There is a positive relationship between profitability and CSR	H1: rejected and Ho Accepted
H1: There is a positive relationship between pressure groups and CSR	H1: Accepted
H1: There is a positive relationship between age of a firm and CSR	H1: Accepted

Based on the tables and justifications provided in the preceding paragraphs, we can conclude in the following manner.

The value of the coefficient of organizational culture was also found to be 0. 0.2107 And it significant level also 0.006 which is less than 0.05. This result tells us the value of b is positive and shows it organizational culture is influence with CSR implementation in coffee and tea plantation in sheka zone. Which leads to the acceptance of H1. Also this result is supported by Krista Jaakson, Maaja Vadi and Katrin Tamm (2014), Myeongju Lee and Hyunok Kim , (2017), Connie Culler (2010) and Yohannes Workeferahu and Sara Tsegaw (2019).

The second hypothesis testing provided that the coefficient of knowledge about CSR was calculated to be 0.26683, which indicates that keeping other factors constant, a unit change in knowledge about CSR causes a 26.6% increase in CSR implementation in coffee and tea plantation in sheka zone. And the relationship of the independent factor knowledge about CSR (whose t-statistic value was found to be 5.03 at p-value of 0.000) with that of the dependent variable CSR implementation is found to be positive and statistically significant,

which leads to the acceptance of H2. Also this result is supported by Nagib Salem Bayoud (2012).

As shown in the table 4.3.4, the coefficient of government policy was computed to be 0.1416, which means that a unit change in government policy has the influence to increase CSR implementation by 14.16% assuming all other variables constant. The calculated t-statistic value of this independent variable is 2.14 at p-value of 0.034, which proves a positive and significant relationship with the dependent variable, CSR implementation. Which leads to the acceptance of H3. This result is also supported by Yohannes Workeferahu and Sara Tsegaw (2019), Adeyemo S.A et al (2013),

The coefficient of size of a firm was computed to be 0.2344, which means that a unit change in size of a firm has the influence to increase CSR implementation by 23.44% assuming all other variables constant. The calculated t-statistic value of this independent variable is 2.26 at p-value of 0.026, which proves a positive and significant relationship with the dependent variable, CSR implementation. Which leads to the acceptance of H4. This study also supported by David Trencansky Dimitrios Tsaparlidis (2014), Waluyo Waluyo (2017).

The coefficient of profitability was computed to be -1.09618, which means increment of profitability did not have any effect to increase of CSR implementation. The calculated t-statistic value of this independent variable is -4.70 at p-value of 0.000, which proves a negative relationship with the dependent variable, CSR implementation. Which leads to the rejection of H5. This study also supported by Dakito Alemu (2017), Luk Luk Fuadah et al (2017), Gérard Hirigoyen, Thierry Poulain-Rehm (2002).

The six hypothesis testing provided that the coefficient of pressure groups was calculated to be 0.1484, which indicates that keeping other factors constant, a unit change in pressure

groups causes a 14.84% increase in CSR implementation in coffee and tea plantation in sheka zone. And the relationship of the independent factor pressure groups (whose t-statistic value was found to be 2.28 at p-value of 0.024) with that of the dependent variable CSR implementation is found to be positive and statistically significant, which leads to the acceptance of H6. This study also supported by Yohannes Workeferahu and Sara Tsegaw (2019), Artturi Roitto (2013).

The last hypothesis testing provided that the coefficient of age of a firm was calculated to be 0.2847, which indicates that keeping other factors constant, a unit change in age of a firm causes a 28.47% increase in CSR implementation in coffee and tea plantation in sheka zone. And the relationship of the independent factor to age of a firm (whose t-statistic value was found to be 2.71 at p-value of 0.008) with that of the dependent variable CSR implementation is found to be positive and statistically significant, which leads to the acceptance of H7. This study also supported by

David Trencansky Dimitrios Tsaparlidis (2014), Waluyo Waluyo (2017), Nagib Salem Bayoud (2012).

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1. Introduction

The main objective of this research was to look CSR implementation practice and identify the role and factors that affect the participation of coffee and tea plantation in sheka zone, regarding the activities of corporate social responsibility by indicating vital factors based on conceptual model, organizational culture, knowledge about CSR, government policy, size of a firm, profitability, pressure groups and age of a firm.

#### 5.2. Summary of the Major Findings

The intention of this study was to explore factors affecting CSR implementation in some selected coffee and tea plantation in sheka zone. Since as far as I know there is no research regarding determinants that affect CSR's implementation this research paper was developed. In this study CSR is composed of descriptive and inferential statistics. Descriptive mainly focused on practice of CSR in selected firms by classifying in to five groups namely labor relation, environmental protection, human right, transparency and community welfare. The inferential statistics concerns with 7 independent variables and dependent variable which is CSR.

- Total population of the study area was 35 coffee and tea plantation and 305 management bodies and employees which excludes guard, janitors, and messengers etc. which have no direct linkage with CSR implementation practice.
- A sample size was selected using purposive sampling to select 15 plantations and simple random sampling technique to select respondents from each farms by using

kotare (2004) formula. Primary data was collected based on questioner and interviews. Based on the conceptual frame work and objectives of the study 14 items were provided in a 5 point Likert scale to the respondents. The gathered data has analyzed by means of descriptive and inferential statistics using STATA 13 software.

- Descriptive result of this study shows that :-
  - Firm practices labor standard of CSR health and safety activities looks better than others even though interviews are not agree with it. Whereas, in reference to other three variables of labor handling (freedom of association, carrier development and favorable work environment) the description do not declare CSR practice of coffee and tea plantation in sheka zone.
  - Environmental activities in coffee and tea plantations in sheka zone is in a great danger. Firms have a great problem in comply with environmental laws and regulation and also participation in environmental protection activates.
  - Sampled firms not practice CSR along the dimension of human rights. While antidiscrimination practice was implemented in a better way.
  - Concerning to transparency the result showed that transparent level of plantation was not as satisfactory us needed.
  - Both findings of quantitative and qualitative data were indicating that the absence of community welfare was a serious factor that attacks the participation of private organization in corporate social responsibility in sheka zone.
- In the inferential statistics part the following results were achieved.
  - R - Square of the model is 75.8% which implies independent variables are expressing dependent variable (CSR) well enough.

- The results coefficients indicates that organizational culture, knowledge about CSR, government policy, size of a firm, pressure group and age of a firm have positive effect on overall CSR implementation.
- Profitability have negative effect on CSR implementation in selected firms in sheka zone.
- All variables are significant at 5% which satisfies research objective.
- In general we accept H1(organizational culture), H2 (knowledge about CSR), H3 (government policy), H4 (size of a firm), H6 (pressure groups) and H7 (age of a firm) and rejects H5 (profitability)

### **5.3. Conclusion**

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

- Concerning to labor management Carrier development of selected firms look not practiced well in many firms, while freedom of association in neutral position , concerning to health and safety even though respondents said that the practice was well interviewed, and finally creating favorable work environment in selected firms was no practiced in a manner of acceptable ways.
- With the reference to the analysis, firms are not practicing CSR in terms of environmental protection. All coffee and tea plantation did not have environmental mitigation plan and many have practiced deforestation activities.

- Based on the analyses of respondents' levels of agreement, coffee and tea plantation does not practice CSR along the dimension of human rights. However they are participates human rights in terms of anti-discrimination activities.
- With respect to transparency, plantation are practicing CSR despite the level of agreement is weedy regarding sense of accountability. In other words, the levels of agreement do not indicate that practicing CSR in this dimension entirely or satisfactorily.
- The response indicates implications that selected coffee and tea plantation practices community welfare activities in terms of participating local community by employing in decision making position. But the firm does not participating in planning CSR, community service and dialogue with community. In relation to this, the interview notes show that the firm response in relation to the above indicators are similar.
- With reference to the determinants of CSR practices in sheka zone organizational culture, knowledge about CSR, size of a firm, government policy and age of a firm have impact on CSR practice and implementation. Thus, the probability of existence of CSR practice increases as the extent of the above variables increase. In other words, the existence of the above determinants around the coffee and tea plantations affects CSR practice positively. These factors are also critical in the determination of the optimality of the firm directly or indirectly. In opposite of the above variables profitability did not have any impact on CSR implementation in coffee and tea plantation sheka zone.
- In Sheka zone, there is no general aversion to the concept of CSR. At the same time the CSR label has been applied to many initiatives and political programs without any

effective strategic discussion never having taken place. Such indiscriminate use reflects the fact that the policy may not implemented by plantations and concept on the topic of CSR are not developed well. Overall, the shortcomings cannot only be ascribed to the business community, but to the lack of a political framework.

#### **5.4. Recommendation**

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

- In relation to labor treatment, plantations should continue their activities in more advance manner to achieve high level of performance in CSR practices. So to protect workers' health by facilitating better health and safety facilities, trainings and awareness creative workshops should be facilitated. For instance, health institutes should build in every plantations as the regulation stat, workers association should strength and formed in each plantations, benefit and payments should managed according to the low of labor and community capacity-building activities should be designed and implemented.
- More over linkage between labor unions should have be strength for the benefit of both parties. Responsible government body also should have to monitor and evaluate each fulfillment of labor standards according to the law.
- Hence, selected coffee and tea plantation in sheka zone need to design better CSR strategies and practices in the area of environmental protection such as better natural resource protection procedures, transparent dialogue with responsible parties especially Environmental Protection Authority, preparing environmental mitigation plan and discuss the plan with respective bodies. More over in order to alleviate

deforestation activity each plantations boundary should have to measure by using GPS especially old plantations.

- With reference to the analyses and the results, firms should work hard to change and progress the development of human rights in the country. Plantations are under obligation to respect and promote human rights in their operations. This can be achieved through trainings and motivation of employees as well as the community as whole targeting equitable and effective engagement of companies. In general, these and other plantations necessitate placing issues of democracy both in the economy and in the political arena - locally, nationally and globally.
- So, Ethiopia is poor in terms of transparency selected coffee and tea plantations need to evolve intensively in ethical matters namely responsibility, accountability and transparency. Specifically, the companies' code of conduct should be designed and implemented in such a way that it is compatible with laws and rules.
- Since community welfare programmers were not implemented well correction mechanisms should be made urgently. The first thing all plantation must give due attention to planning of CSR activities and communicate this plan with local community and government bodies. This thing creates transparency and avoids over expectations by the community. Appointing local community in decision making positions should also be strengthening further. Generally, plantations should design CSR strategies and implementations in harmony with the determinants especially on the focuses of OC, KN, SF, PG and AF.

### **5.5. Limitations and Directions for Future Research**

- This study is not without limitations. Specifically, the survey data suffers and this fact might have influenced the findings of the paper. Each CSR dimension used in the model, was measured by 5 statements in the questionnaire and 7 independent variables. More statements within each dimension would increase the accuracy of the dimensions as some statements might have been more weighted than others. This could, however, decrease the participant's willingness to participate as the survey would become complicated and time-consuming. Furthermore, since this study was a cross sectional study, an expanded time horizon would have enabled a greater collection of data which would have increased the reliability of this study. Finally, this study could have included more plantations and other types of plantations to enhance the generalizability of the derived results.
- Further research on this topic is needed. More research on this subject will increase the understanding of CSR practice. This study examined CSR and its different dimensions' effect on customer satisfaction. Since CSR is constantly emerging and there is still no common definition or core principles of what CSR means, it is of importance to maintain further research of CSR as an implementation mechanism and use to support community.
- To conclude, the researcher consider that, the findings still serve the goal of answering the initial research questions.

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## Appendix

### Appendix A: Descriptive Statistics Values

Variable	Observation	Mean	Std. Dev.	Min	Max
Carrier development	150	2.213333	1.313771	1	5
Right to association	150	3.02	1.586309	1	5
Health and safety	150	3.4	1.638464	1	5
Favorable work Environment	150	2.173333	1.319684	1	5
Environmental laws	150	2.013333	1.375659	1	5
Participation in Environmental protection activities	150	2.606667	1.514568	1	5
Human Right	150	2.506667	1.587479	1	5
Antidiscrimination activities	150	3.706667	1.397729	1	5
transparency	150	2.926667	1.605764	1	5
accountability	150	3.066667	1.587141	1	5
plan	150	1.966667	1.211891	1	5
Community service	150	2.92	1.407172	1	5
Conversation	150	1.913333	1.198078	1	5

with community					
Local community in decision making positions	150	3.533333	1.531182	1	5

### Appendix B Heteroskedasticity between variables

imtest

```

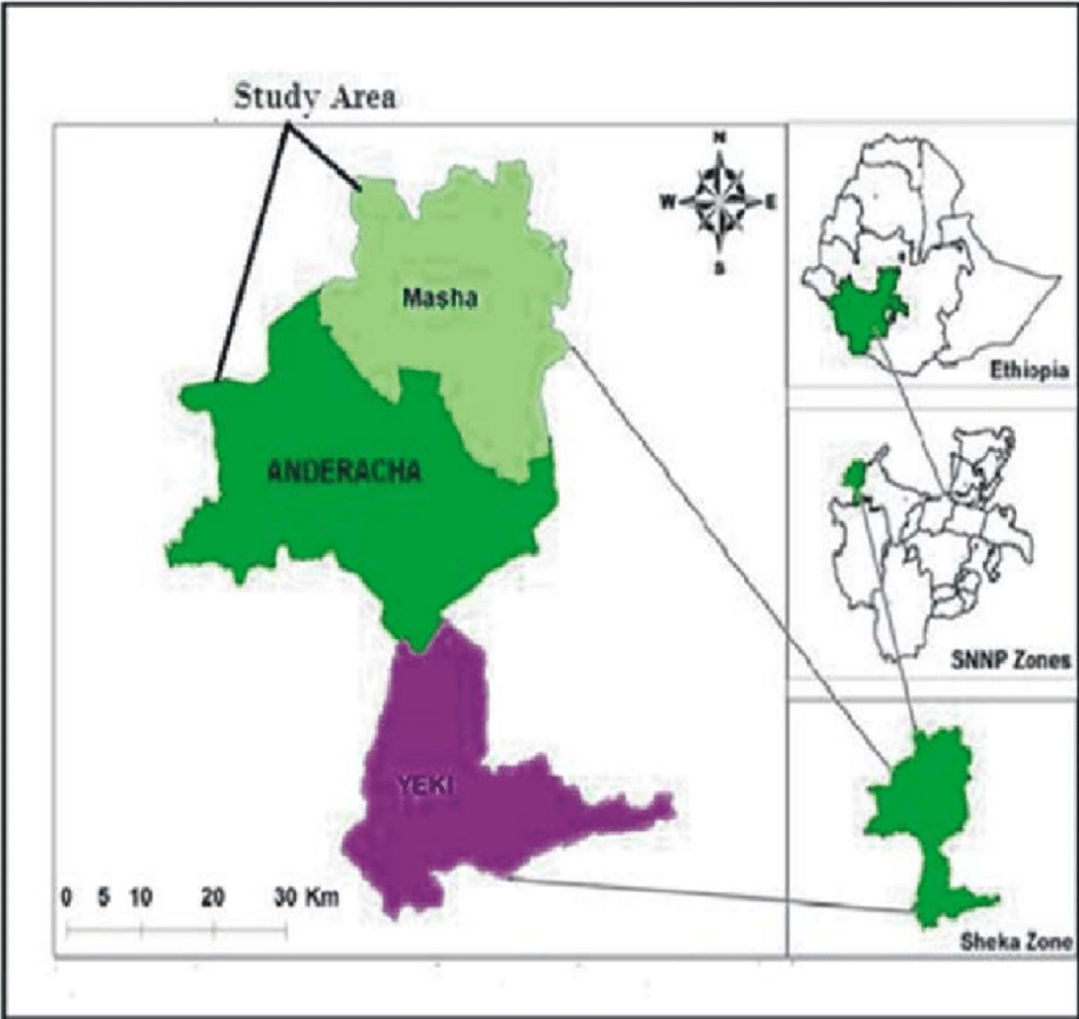
-----
                Source |   chi2   df   p
-----+-----
Heteroskedasticity |   59.19   34  0.0047
                Skewness |    7.11    7  0.4179
                Kurtosis |    3.40    1  0.0652
-----+-----
                Total |   69.70   42  0.0046
-----

```

### Appendix C Normality test between variables

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	Prob>chi2
CSR	150	0.8456	0.0000.	0.0000
OC	150	0.4590	0.0000.	0.0000
KN	150	0.0062	0.0000	0.0000
GP	150	0.1774	0.0000	0.0000
SF	150	0.3677	0.0000.	0.0000
PR	150	0.0000	0.0000.	0.0000
PG	150	0.0519	0.0000	0.0000
AF	150	0.7944	0.0000	0.0000

**Annex D Administrative Map of Sheka Zone**



## Appendix E Questionnaire on Corporate Social Responsibility

Date \_\_\_\_\_ Organization Name \_\_\_\_\_

Position \_\_\_\_\_ Contact Address \_\_\_\_\_

Dear Participant,

First of all I would like to thank you for your participation. I would like to receive some additional information regarding factors affecting implementation corporate social responsibility in case of sheka zone.

The questionnaire is very brief and will take about five minutes to fill out. Instructions for completing the questionnaire can be found on the form itself. I would appreciate it if you would complete the questionnaire and return it at your earliest convenient possible time.

Please be assured that all information you provide will be kept strictly confidential. Your name or other identifying information will not appear on any report. All results from the questionnaires are used to fulfill information for my **master's thesis** which will be presented to Wolkite University Department of Business Administration. Do not hesitate to write to me on my email or to call on my phone if you have any questions or concerns about the questionnaire or any aspect of Study. Your participation represents a valuable contribution to the study, and I thank you again for your cooperation.

Sincerely yours;

ATSE TEWODROSE,

Email [atsetewodrose2009@gmail.com](mailto:atsetewodrose2009@gmail.com),

☎ 0917199932

### Part One General information

NAME OF COMPANY: \_\_\_\_\_

Please put ✓ in the box for your choice

1. Gender.

Male  female

2. Age:

18 – 30  30 – 50  50 and above

3. Educational qualification:

ESSCE , diploma , BSc /BA , MBA/Ph.D.  Other

4. How long have you been with this organization?

0 – 4 yrs. , 4 – 10 yrs.,  10 and above

### Part Two

#### A. Questioner related to CSR practice

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Your organization encourages its employees to develop real skills and long-term careers (e.g. via training).					
2	The firm encourages freedom of association of workers					
3	The organization has suitable arrangements for health and safety that provide sufficient protection for its employees					
4	Your organization actively offers a good work life balance for its workers, for example, by considering flexible working					

	hours					
5	Your organization complies with the environmental laws, rules and regulations to promote environmental protection					
6	The organization promotes environmental awareness by providing information to their employees to enhance their understanding of environmental issues					
7	Your organization tires promote human rights in Ethiopia					
8	Your organization takes adequate procedures against discrimination. (e.g. women, ethnic group)					
9	The organization is transparent in the activities that the enterprise is involved. (For example in hiring)					
10	The organization is also develops a sense of being accountable for the results of its activities					
11	CSRactivitiesare incorporated in topolicy and plan of the company?					
12	Your company offers community services for local community (e.g. financial aid, training infrastructure etc.)					
13	Your company has a process to ensure effective dialogue and consultation with community					
14	Your organization practiced by employing local community in a position of decision making positions.					

### **B. Questioners related to effect organizational culture in CSR implementation**

To what extent organizational culture implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Organizational culture has a great influence on CSR implementation					
2	Organizational culture will moderate the relationship between CSR and firm performance					
3	Humanistic cultures (directed to people, teamwork, sensitivity and cooperation) can influence CSR implementation					
4	Organization Marketing culture (competition, outcome, performance etc) have effect on CSR implementation					
5	Firms Adhocracy Culture (change, innovation, compensation, incentive) have effect on CSR implementation					
6	Firm Hierarchy Culture (formal structure, unity of command, unity of direction ) have effect on					

	CSR implementation					
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### C. Questioners Related Knowledge

To what extent knowledge affected implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Lack of awareness and understanding of the sustainable CSR practices affect implement					
2	Do you think you know the term of social responsibility					
3	Knowledge can affect implementation of CSR					

### D. Questioners Related to Government policy

To what extent government intervention affected the implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Government policy and regulation affect CSR implementation					
2	governments pass laws to increase transparency in our company					
3	government intervene in your CSR activities					
4	Governments force initiatives to increase CSR implementation.					

### E. Questioners related to Firm size

To what extent firm size affect implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Large companies are more aware than small and medium companies about the importance of CSR activities for a company					
2	Large companies have realized the role of environmental CSR activities than medium and small firms					
3	Large companies provide more information about CSR activities than medium and small companies					
4	large companies have realized the role of social CSR activities than medium and small firms					
5	Largefirms have realized the role of economic CSR activities than new firms					

## F. Questioners Related to Profitability

To what extent profitability affected the implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly	Agree	Neutral	Disagree	Strongly disagree
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		<b>agree</b>				
1	Profitability influences CSR implementation					
2	Return on Assets (ROA) have effect on CSR					
3	Return on Sales (ROS) have effect on CSR					
4	Return on Equity (ROE) have effect on CSR					
5	Competitive position have effect on CSR					
6	Sales growth have effect on CSR					

### G. Questioners Related to Pressure group

To what extent pressure groups and media affected the implementation of Corporate Social Responsibility in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Presence of pressure groups have a greater influence on CSR implementation in our company					
2	Government intervention have effect on CSR in your firm					
3	Media intervention have effect on CSR in your firm					
4	NGO's intervention have effect on CSR in your firm					
5	Community intervention have effect on CSR in your firm					
6	Competitors intervention have effect on CSR in your firm					

## H. Questioners related to Firm age

no	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Firm age about CSR has a great influence on CSR implementation					
2	older companies have realized the role of environmental CSR activities than new firms					
3	Older companies provide more information about CSR activities than young companies					
4	Older companies have realized the role of social CSR activities than new firms					
5	Older companies have realized the role of economic CSR activities than new firms					

## **Appendix E GUIDING INTERVIEW QUESTIONS**

1. What do you think about CSR implementation activities in sheka zone?
2. What do you think major factors that affect CSR implementation in Sheka zone
3. What measures does you take for the CSR activities of plantations?
4. Do firms CSR attainment from end-to end? (I.e. companies extended view of the value chain, upstream supplier relationship as well as downstream to channels customer relationship and the ultimate end users)
5. What kind of monitoring and follow up procedures are used?
6. What measure will you take if the code requirements are not met? Is there any yet?
7. Do you requires companies to incorporate the CSR reports in their annual reports
8. How do you see the roll of voluntary industry standards vs. government regulation in practicing of CSR farms?
9. What methodology applied in CSR practices at the industry level?

### **Biographical Sketch**

Atse Tewodrose is currently studying MBA program in Wolkite University and he will graduate by this year. He has diploma in Environmental Health and Degree in Development Management. He has been working 11 years in 3 different offices. From 11 years of experience he worked as head of finance for 4 years. He also participated different types of long term and short term trainings. These experiences provided him with valuable experience and insight into the coordination and Active involvement of a variety of jobs.