1  Introduction

The concept of corporate social responsibility (CSR) has become noticeably salient in the modern-day global business environment. The interest in CSR, however, is not limited to the world of business and academia as it extends to everyday life. According to Aras and Crowther (2011), a number of factors such as poor business behaviour towards customers, employees and the environment are highlighted to have contributed to the popular consciousness in corporate social responsibility.

Similar articles claim that the issues of climate change and supply chains have also become prominent concerns in driving CSR. Nowadays, people have become more conscious and concerned about issues such as the emission of greenhouse gases, particularly carbon dioxide, and about
exploitation of people in developing countries, especially in the use of child labour in global supply chains.

From the perspective of corporate management, the expectations of profit making and social responsibility in businesses provides an oxymoron for debate. Business corporations are profit making entities that exist and operate in competitive environments. In these circumstances, they may be limited in their ability to solve a multitude of social problems, particularly considering that more investment in corporate social responsibility comes at the expense of the shareholders (Cavico and Mujtaba 2012).

On the other hand, social responsibility is the fundamental duty of the state that must focus on social justice to its citizens. The state, however, is unable to execute its primary social responsibilities because it is not able to mobilise funds that are adequate against the demand. Consequently, businesses from micro to corporate levels emerge as drivers of economic and social growth.

From a corporate management perspective, the question is no longer whether or not to include corporate social responsibility as part of doing business; rather, it is how to do so. It is more to do with the philanthropic guidelines for corporate contributions and improvements. It relates to how corporate resources should be allocated, who the beneficiaries are, to what extent and in what order of priority.

The chapter starts with an introduction to the basic concepts and definition of CSR. In the following section, global practices of CSR are discussed. Then comes CSR practices in Africa. Finally, CSR practices in Ethiopia and its determinants are discussed with empirical practices by notable corporates.

2 What Is Corporate Social Responsibility?

There is no single commonly accepted definition of corporate social responsibility. Therefore, there is a general consensus of relating CSR to company concerns such as community involvement, socially responsible products and processes, concern for the environment and socially
responsible employee relations (Ortiz-Martinez and Crowther 2006, cited by Aras and Crowther 2011).

According to the World Business Council for Sustainable Development (WBCSD 1998), the definition of corporate social responsibility and what it consists of varies across time and place, depending on a range of local contexts including culture, religion, governmental and legal conditions. The WBCSD broadly defines CSR as the ethical behaviour of a company towards society. In particular, this means management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business—not just the shareholders. The formal definition is as follows: “Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large.” The WBCSD puts human rights, employee rights, environmental protection, supplier relations and community involvement as priority issues at the centre of corporate social responsibility.

The World Bank also offers its definition, according to which CSR is summed as “the voluntary commitment by company managers to integrate social and environmental considerations in their business operations”. This commitment goes beyond normal compliance with the legal, regulatory and contractual obligations, which companies are generally expected to meet. The general concept of CSR encompasses:

1. A collection of policies and practices linked to the relationship with key stakeholders, values, compliance with legal requirements and respect for people, communities and the environment;
2. The commitment of business to contribute to sustainable development.

The World Bank also indicated the following material components to the concept of CSR: (1) environmental protection, (2) labour security, (3) human rights, (4) community involvement, (5) business standards, (6) marketplace, (7) enterprise and economic development, (8) health protection, (9) education leadership and national development and (10) human disaster relief.
The concept of CSR came into being in the United States in the 1950s and spread to European companies in the 1990s. Intergovernmental and regional organisations have taken the initiative of developing the concept through publishing guidelines and standards, and establishing a comprehensive CSR reference toolkit for the private sector. Over the last two decades, CSR strategies have evolved towards increasingly standardised frameworks.

The primary international reference framework on CSR matters are the OECD (Organisation for Economic Cooperation and Development) Guidelines that became enforced in 1976 and revised in 2011. These are non-binding recommendations, and they provide an implementation mechanism via a network of National Contact Points (NCPs), which receives complaints and can impose sanctions in every signatory country. These guidelines deal with human rights, employment and industrial relations, the environment, fighting corruption, and so on, and are addressed to companies in 42 signatory countries.

Another international framework in CSR is the UN Global Compact, launched in 2000. It encompasses ten principles in the fields of human rights, labour standards and the environment and anti-corruption measures. Presently, it has more than 8000 signatories in 135 countries.

There are also international standards that companies use as a support structure for implementing them, the most prominent being ISO 26000, which provides guidance on how organisations can operate in a socially responsible way with respect to governance, human rights, labour relations and working conditions, the environment and community relations—among others.

There is a global consensus on the overall notion that CSR is concerned about the responsibilities of companies with regard to other actors in the society. However, it should be recognised that its practices may take a different approach as a result of country differences and it needs to be studied in the context of where it is practised. Matten and Moon (2008) argue that country differences in CSR are a function of a variety
of long-standing, historically entrenched institutions such as governmental and legal institutions, norms, incentives and rules.

In major US and UK firms, especially larger ones, CSR is firmly ingrained in their corporate mindset, and the need to align CSR as an integral part of doing business is well recognised. As to other countries, different studies indicate that the proliferation of multinational companies and their expanding global reach has increased awareness of CSR as a global topic.

A study by Robertson (2009) on the state of corporate social responsibility in Singapore, Turkey and Ethiopia—countries that the study selected as representative of varying levels of economic development—illustrates that CSR is responsive to country differences in institutional factors. Accordingly, the nature of corporate social responsibility in different countries is expected to vary based on ownership structure of companies, corporate governance, openness of the economies to international investors and the role of civil society.

Ownership structure, that is, public versus private ownership of firm, matters because it influences how executives make decisions about CSR (Table 9.1).

Sound corporate governance is another necessary condition for CSR to thrive. Corporate governance can be reflected in three dimensions:

- dependence on formal organisations including the government (governmental effectiveness),
- corporate transparency and disclosure, in the form of fair treatment and engagement of all stakeholders (control of corruption) and
- response to informal pressures from stakeholders (voice and accountability).

Openness to international investment is expected to influence the culture of CSR in a country in at least two ways. One is through the impact of multinational companies with reasonably well-developed CSR programmes that may have an impact on local firms. Secondly, multinational firms can act as agents of change in reducing corruption and introducing better business practices. Hence, in economies that are more open, there will be more expectations of CSR engagement by businesses.
In this regard, the large presence of multinationals and the level of trade and foreign direct investment (FDI) in Singapore led to CSR in the model of US and UK businesses. In Turkey, an economy that is relatively more guarded regarding international trade and investment, the dominant model of CSR is philanthropy. In Ethiopia, the dominance of international NGOs and development agencies may influence the way CSR develops in the country.

The final dimension is the role of civil societies, which embodies the collective mentality and encompasses pressures brought on firms from its stakeholders, ranging from the expectations of customers, employees and suppliers, to pressures from trade unions, NGOs, political interest groups or social movements.

| Country     | Ownership structure | Implication on CSR                                                                 |
|-------------|---------------------|-------------------------------------------------------------------------------------|
|             | Publicly owned (%)  | Individual/family-owned (%) | Controlled by managers (%) | • Strong protection of shareholder rights |
| Singapore   | 13                  | 22                      | 59                   | • Emphasis the union of CSR and profitability |
|             |                     |                         |                      | • Lack of shareholders’ and management appreciation for CSR |
| Turkey      | <1                  | 60                      | 19                   | • CSR modelled as philanthropy reflecting the values and preferences of corporate leaders |
|             |                     |                         |                      | • The advantage of family ownership is in the relative ease in reaching shareholder consensus on philanthropic decisions. |
| Ethiopia    | <1                  | 44                      | 18                   | • Firms more concerned with corporate survival than CSR. |
|             |                     |                         |                      | • More philanthropic than CSR. |

Source: Adapted from Robertson (2009: 621)
The global practice of CSR can also be looked at from the perspective of the UN Sustainable Development Goals (SDGs). The SDGs, set in 2015 by the United Nations, present a universally agreed-upon sustainable development vision for 2030. The 17 goals, which have a total of 169 targets, are No Poverty; Zero Hunger; Good Health and Well-being; Quality Education; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth; Industry, Innovation, and Infrastructure; Reducing Inequality; Sustainable Cities and Communities; Responsible Consumption and Production; Climate Action; Life Below Water; Life on Land; Peace, Justice, and Strong Institutions; Partnerships for the Goals.

Particularly for Africa, CSR represents an opportunity as it can encourage corporates’ contribution to inclusive and sustainable development.

4 CSR in Africa

Business has played a significant place in the development of Africa. The question here is how responsible and ethical have these businesses been. In its positive term, business brings capital, creates employment, is a skills transfer tool, brings about infrastructural development and social responsibility programmes to countries throughout Africa. However, evident cases have been observed where businesses have been involved in political corruption, environmental destruction, labour exploitation and social disruption (Visser et al. 2006).

CSR was conducted in Africa by transnational companies during the colonial period (Honke 2012). This practice also continued after the end of colonial period. As cited in Idemudia (2014), Noyoo stated that in colonial times, though with racial bias, some corporations used to provide housing and hygiene accommodations for their employees in Zambia. He also states that, however, these transnational corporations used these ‘CSR’ activities as a cover to hide their exploitation of the resources of the continent (Bagire et al. 2010).

CSR is affected by the level of development of a country. CSR activities get wider acceptance in countries with high levels of poverty. It has increased acceptance in companies in Africa, in part due to a weak legal
framework and, at the same time, higher acceptability with little effort (Cheruiyot and Onsando 2016).

According to Idemudia (2014), CSR practices in Africa are driven by three main factors: internal factors (local social movements and corporate-community conflict), external factors (adherence to international standards) and transnational factors (collaboration with international NGOs). Ayalew (2018) also identified CSR determinants as firm characteristics, corporate governance characteristics and institutional or industry characteristics. Firm characteristics include factors like size, profitability, capital structure or investments in research and development. Governance characteristics refer to ownership structure and board composition. Industry characteristics refer to the sector of involvement; sectors with higher side effects to the community and environment tend to be highly involved in CSR activities.

In more recent years, the private sector has been in a good position to positively contribute to the socio-economic and environmental conditions in Africa (Visser 2006). Therefore, there should be a shift in the role of business from being the cause to the solution for underdevelopment of Africa (Idemudia 2014). Businesses at present should be tools rather than agents to development in the continent. This could be through the practice of responsible business through public-private partnerships to bring about sustainable economic transformation within communities (Japan External Trade Organization 2009).

CSR comes at a cost to the businesses, brought about with being socially and environmentally responsible. However, reward follows with stable and sustainable growth (Japan External Trade Organization 2009).

CSR is criticised for ignoring local priorities and basic livelihood needs of people in developing countries (Japan External Trade Organization 2009). It is often associated with large companies and particularly with multinational and global enterprises. Some aspects of CSR codes of conduct are not applicable to the wider business community. This is especially true for small businesses that are sometimes conceived as recipients of CSR activities in the codes of conduct and at the same time required to abide by the codes. Besides, small businesses have limited capacity to undertake CSR activities, which creates a barrier to these businesses (Bagire et al. 2010).
CSR in Africa is highly misunderstood and misused by companies. It has different concepts in different regions. Most of what is perceived to be CSR in Africa is actually not in the developed world (Cheruiyot and Onsando 2016). This is because most CSR concepts in Africa are adopted from the developed world, which are not applicable in Africa due to contextual differences (Dartey-Baah and Amponsah-Tawiah 2011). The studies so far on CSR in Africa failed to incorporate indigenous CSR concepts (Cheruiyot and Onsando 2016). Ayalew (2018) suggests blending indigenous and international best practices to bring about better CSR practice.

According to Carroll (1979), businesses have four major spheres of CSR activities: economic, legal, ethical and philanthropic responsibilities. Priority given to these responsibilities differs by context. Visser (2006) found that economic responsibilities are prioritised in Africa followed by philanthropy, legal and ethical responsibilities. Poverty and shortage of foreign direct investment are the main reasons for the priority given to economic responsibilities. In terms of philanthropic responsibilities, this is mainly due to the reliance of African nations on foreign aid. Philanthropy is an expectation from the community in Africa. Higher priority to philanthropy manifests that CSR is at its earliest stages in Africa. The legal infrastructure in Africa is poor and not usually enforceable. Ethical responsibilities are prioritised least due to low enforcement mechanisms and corruption (Visser 2006). Figure 9.1 shows the hierarchy of responsibilities.

As a significant number of Africans live under poor economic conditions, unable to afford the necessities of life (Cheruiyot and Onsando 2016), most CSR practices in Africa focus on the philanthropic like cash, food or other material donations, but which do not contribute towards the long-term betterment of society (Cheruiyot and Onsando 2016; Ayalew 2018). However, CSR is not just a philanthropic activity; it should be inclusive of accountability to moral and legal rules and regulations (Ayalew 2018).
Prior to delving into the status of CSR in Ethiopia, a discussion of the country’s economic condition is needed to provide context.

A country with a population of 109 million in 2018, Ethiopia is one of the fastest-growing economies in Africa. The strong and broad-based economic growth averaging 9.9% from 2007/2008 to 2017/2018 has brought with it poverty reduction in both urban and rural areas. Despite these successes, Ethiopia remains one of the poorest countries with a per capita income of USD 790 (World Bank 2019).

The main challenges are sustaining positive economic growth and accelerated poverty reduction, and these require massive work in job creation and improved governance. A high share of the government’s budget is devoted to pro-poor programmes and investments.

Given the weak state of the Ethiopian economy, and occurrence of droughts and famines over the last three decades, there is a strong presence of international and local NGOs that are focused on providing relief, as well as working with the government and private sector to improve the country’s economic and social resources (Robertson 2009).
5.2 Legal and Policy Framework

According to Steurer (2010), there are critical grounds for governments to care about the issue of CSR. First, particular business endeavours can help meet the government’s policy objectives on issues such as sustainable development and environmental protection on a voluntary basis. Besides these, CSR can positively contribute to foreign policy goals such as development assistance.

Second, CSR policies are perceived to positively complement hard-law regulations in cases where hard-law regulations are politically unattractive or infeasible. Therefore, the soft-law nature of CSR policies gives them lower political costs in terms of resistance from special interest groups (Moon 2002).

Other reasons for states’ interest in CSR include:

• The soft approach of CSR policies agrees with a broader transition of public governance altogether, leading away from hierarchical regulation towards more of a partnership modality.
• As CSR is concerned with managing business relations with a broad matrix of stakeholders, it reshapes management routines as well as the roles of, and relations between, businesses, governments and civil society.

Therefore, it is recognised that the state has the responsibility to promote public policy with regard to the CSR agenda. Especially in a developing economy like Ethiopia, where government’s developmental efforts are far from succeeding to meet the socio-economic needs of the society, the need for corporates to discharge their social responsibility has become a significant concern (Deyassa 2016). Accordingly, public policies as development instruments and facilitators have a vital role in the promotion of CSR.

Policies concerning CSR in Ethiopia are unclear and disorganised, often found scattered in different policy instruments which are usually hard to find.
Despite the widespread application of philanthropic and CSR activities in Ethiopia, the private sector is not taking a leadership in CSR initiatives and for the most part does not have a logical approach to develop their own definition and understanding based on the unique features of the companies. These days, more corporates are initiating their own CSR strategies in Ethiopia. However, most of them do not have their own comprehensive and general policy framework, and the CSR definitions and policies are mere transplantation from developed countries’ contexts. The presence of such differing conceptual understandings of CSR by various corporates, each valuable in their own right, leads to inconsistencies and ineffective discharge of obligations.

The largest enterprises in Ethiopia operate without any formal CSR definition and policy document. These conduct CSR on an informal basis and integrate them in their business strategies.

One key aspect in which the lack of CSR policy has shown its effect is the issue of environmental management and health. The Ethiopian constitution declares that all persons have the right to a clean and healthy environment, and that the government has a duty to ensure that all Ethiopians live in a clean and healthy environment. There is also an environmental regulatory framework and the Environmental Protection Authority is mandated with environmental management.

However, environmental governance in Ethiopia does not consider the notion of corporate responsibility and companies also do not think in terms of environmental responsibility. Instead, for the most part, they are concerned about economic survival (Robertson 2009). This is evident by the fact that pollution from the industrial sector is high and rising in Ethiopia with textiles, tanneries, beverage and food processing factors discharging polluting waste into rivers, often without treatment. A study by the Ethiopian Ministry of Environment and Forestry (2014) revealed that, out of 163 factories surveyed, 101 (62%) release their industrial wastes directly to the environment without any treatment.
5.3 Current Practices of CSR in Ethiopia

CSR has been practised in Ethiopia in traditional ways for a long time. There are traditional institutions that embedded social responsibility practices and serve as instruments for socio-economic collaboration and cooperation among people. The most common examples of CSR in Ethiopia are ‘Idir’, which provides financial support in times of loss of family member; ‘Iqub’, which supports members by providing a loan with zero interest rate, ‘Zeker’, which provides food for those in need by Christians; ‘Sedeqa’, which involves the provision of food for the poor by Muslims; ‘Zekat’, which entails the contribution of 10% of annual income for the poor by Muslims; ‘Asrat’, which is the same as Zekat practised by Christians (Ayalew 2018).

CSR is at its earliest stages in Ethiopia as in most sub-Saharan countries (Kassa 2018). As discussed in Robertson (2009), it is at a stage in which it is being pitched by the academics and the government, and has not been implemented as yet.

According to Kassa (2018), most CSR activities in Ethiopia are so only from a philanthropic angle. Ghrmay (2013) argues that this philanthropic culture is an extension from the extended family culture in Ethiopia which grew to business endeavours and practices. Robertson (2009) ties the philanthropic nature of CSR in Ethiopia to the various NGOs in the country. These NGOs are partnering with the government and the private sector to improve the socio-economic conditions of the country by providing foreign aid and investment. They are also addressing democracy and governance issues in the country. Therefore, it can be said that they have a significant stake in government initiatives, which they could use to lobby on the role of businesses in the society.

CSR in Ethiopia is usually undertaken by multinational companies while participation of locally owned companies in CSR is low. However, Kassa (2018) suggests that it is difficult to say that companies in Ethiopia are averse towards CSR. Rather, he argues that the political framework is lacking to practise CSR in a sustainable manner. For instance, Altes (2018) found that there is no concerned government organ on CSR practices in the tourism industry. However, as cited in Nigatu (2018), Asfaw
mentioned that the Ministry of Trade and Industry, with support from the World Bank, USAID and other development partners, is developing a CSR programme in order to instil a CSR culture in the national companies.

According to Kassa (2018), local companies usually prioritise economic aspects of their endeavours. Ethical practices towards social and environmental protection are seen as less ranked than economic returns to investment (Altes 2018; Amare 2019). As stated in Desjardins (1998), businesses should also consider their CSR while pursuing profits. However, as cited in Amare (2019), Nukpezah (2010) argued that businesses in developing countries forgo the future at the cost of present benefits. Andualem as cited in Nigatu (2018) identified lack of awareness about CSR by the business community as the main reason for low participation in CSR. Potluri and Temesgen (2008) stated that competition by other businesses is a threat for them. This is due to the additional financial resources allocated for CSR activities, which could reduce their profitability compared to others.

CSR has recently become the agenda of various companies, especially for the large ones (Téllez 2017). Most CSR practices are undertaken by a few companies like Ethiopian Airlines, Heineken, Diageo, BGI Ethiopia, MIDROC, Dangote Cement, Sunshine Group, East Africa Holdings and some others of the same large scale. According to Nigatu (2018), most of these companies were criticised for abandoning these activities. However, in recent years these companies have started establishing a foundation wing for their CSR activities (The Reporter Ethiopia 2016; Ethiopian Business Review 2020; Forbes 2018).

Robertson (2009) cites openness of a country for foreign investment as a contributing factor for CSR practices. An example for this in the Ethiopian context is the CSR activities by Heineken, Diageo and the industrial parks factories, most of which are owned by foreign investors.

Below are some notable practices of CSR in Ethiopia:

- **Heineken Ethiopia**: Heineken Ethiopia’s slogan for its CSR activities is “Brewing a Better World”. Heineken Ethiopia is involved in various CSR activities including support of local smallholder farmers to supply its breweries by providing them with top-quality seeds, agricultural
training, improved access to finance and links to reliable markets to sell their crop, construction of a hospital in Bedele with a maternal wing for mothers and infants, support for mentally ill female patients, creating jobs for a youth group in Shashemene by building a mill house, protecting water resources, reducing CO₂ emissions, advocating responsible consumption and promoting health and safety (Heineken Ethiopia).

- **Diageo**: It forms partnerships with farmers, sources raw materials in a responsible manner (locally and at competitive price), promotes responsible drinking by discouraging drivers from overdrinking; it also has DRINKiQ, a tool that enables people to unlock the knowledge of drinking responsibly (Diageo).

- **Industrial parks**: They have played significant roles, especially in areas where they operate.
  
  - Industrial parks (IPs) pay a fair price for cotton, integration of local cotton producers’ sourcing of cotton, sourcing and training of employees from the region. Besides, IPs through the Industrial Parks Development Corporation support local communities that have been displaced during construction of the IP. They provide schools materials such as exercise books, pens, bags, and so on, to the community children.
  
  - PVH (PVH Corp., formerly known as the Phillips-Van Heusen Corporation) has a partnership with leading conservation organisation World Wildlife Fund (WWF) to help conserve freshwater resources in Ethiopia’s Lake Hawassa. PVH also partners with Save the Children to expand employment opportunities, increasing income and improving working conditions for the young and the female gender living in Hawassa and its surroundings (PVH 2018).
  
  - Provision of sewing machines, fabrics and threads for various TVET (Technical and Vocational Education and Training) colleges by companies like EPIC, EVEREST and HELA.
  
  - IPs have played an invaluable role during the COVID-19 response. They have supported the regional governments with PPEs (Personal Protective Equipment) and sanitation tools manufacture. They have also coached their employees to create awareness about the pan-
demic. Besides, the IPs have placed a temperature check-up facility and sanitation tools at the gates of the IPs.

- Other CSR activities by IPs include Mother Theresa alms giving, provision of food for the needy, sponsorship of the world health & safety day.
- However, critics say there is gap between what the companies in the IPs and their brands say and the reality for the people working in the IPs (Kyritsis and Nova 2019).

*Ethiopian Airlines:* It established its foundation wing: the Ethiopian Airlines Foundation (The Reporter Ethiopia 2016). Through the foundation, Ethiopian Airlines intends to contribute to the development of the country and help Ethiopia achieve Sustainable Development Goals. Ethiopian Airlines CSR activities also extend to a green environmental policy, support to local farmers, planting trees (one for every passenger) campaign, involvement in Boeing’s Humanitarian Delivery Flights Program to transport medical and educational donations in Ethiopia and Africa, lunch feeding programme in schools and the community, supporting orphans, supporting the tourism sector by providing stop-over packages in Addis Ababa with no additional fee and contributing to the empowerment of women with all-women operated flights. In response to COVID-19, Ethiopian Airlines deployed its pharma wing to provide medical supplies (including Jack Ma’s round of donations) to various countries (Ethiopian Airlines).

In recent years, various initiatives have been undertaken by the Government of Ethiopia to pull the business community into CSR activities like the ‘Beautifying Sheger Project’, ‘The Grand Ethiopian Renaissance Dam’, ‘Tree Planting Initiative’; recently the business community participated significantly in response to the government’s pleas for COVID-19 relief measures, including through donations (in kind and in cash), production of PPE equipment, exemption of rental fees by real estates, reduction in loan interest rates by banks in hard-hit sectors.
5.4 Determinants of CSR in Ethiopia

As described in the previous sections, CSR is contextual in its nature. Below are attributes to CSR in Ethiopia, some of which are applicable elsewhere:

- **Company size**: The larger a company, the larger its participation in CSR activities (Ayalew 2018). Ayalew mentions public image as a factor for this relationship. Besides, larger companies usually have formal proceedings that push them to disclose their CSR activities.

- **Ownership structure**: As cited in Idemudia (2014), Stokes argues that where there is a separation between ownership and control, companies tend to be more active in CSR practices. Within ownership structure types, involvement in CSR activities increases in the following order: sole proprietorship, private limited company and share company.

- **Sector of business**: More CSR activity is expected from companies with more social and environmental impact. Besides, there are some sectors like mining, where limited opportunities are available. This is especially the case in certain sectors such as the extractive industries, where there is the need for competitive advantage. Wiig and Kolstad (2010) found that CSR is strategically critical in such types of sectors to widen their chances of winning contracts.

- **Indebtedness of the company**: The more indebted a company is, the less it involves itself in CSR activities (Reverte 2009). Indebtedness lessens the focus of companies in social activities and pushes them to focus on repayment of their loans.

- **Legal framework**: According to Ayalew (2018), the government is the critical organ to influence businesses to involve in ethical business practices by devising laws, policies and strategies. However, though the government is drafting relevant laws and regulations, its enforcement capability is questionable. Therefore, the stricter the legal enforcement mechanism, the more businesses stick to ethical business practices.

- **Availability of the stock market**: According to the National Bank of Ethiopia, Ethiopia is set to start a stock market. Stock markets push
companies to align to corporate governance systems (Ayalew 2018). This would pressure companies to align to CSR practices.

- **Commitment**: Amare (2019) found that some companies in Ethiopia with official environmental policies have been found to be polluting the environment. They have no commitment to actually apply their policies.
- **Corporate governance**: Companies with established policies, rules and regulations tend to be more sensitive to CSR.
- **Openness of the economy to international investment**: Alderin (2014) found a positive relationship between openness to international investment and CSR activities. Transnational corporations have a value chain from local producers, which requires the local producers to abide by the CSR policies of the transnational corporations. Therefore, the more the number of transnational corporations, the more initiatives by local producers to comply with CSR practices.
- **Role of civil society**: NGOs play a critical role in initiating CSR practices by lobbying with the government (Robertson 2009). These NGOs also support CSR initiatives by supporting companies with interest in the subject.
- **Information and communication technology penetration**: Better information and communication technology (ICT) access and penetration means better access of the society to news of any violations in CSR practices (Smith 2003). This pushes companies to comply with CSR standards.

### 6 Conclusion

Available empirical evidences on the status of corporate social responsibility (CSR) in Ethiopia indicates the lack of a well-developed culture of CSR and its integration into corporates. CSR is being implemented mostly by multinationals and large local enterprises. However, these are mostly inconsistent philanthropic activities, and not supported by sustainable CSR policies and strategies. There are also companies that have CSR policies but do not comply with their implementation. This is specifically evident in environmental management issues.
Studies attribute the lack of strong CSR practice in Ethiopia to gaps in the necessary requirements. First, there has not been any visible government commitment in the form of national CSR policies and organised efforts to integrate them into its own socio-economic development efforts. Second, most businesses in Ethiopia are privately owned, and corporate governance is at a stage where it is only a centre of academic discussions and not afforded much attention. Therefore, to enhance the contribution of corporate social responsibility to national development, the government needs to have clear policies and strategies. It is also crucial to increase public awareness and strengthen civil society’s role in voicing society’s needs and concerns, and their expectations from corporates in terms of social contribution.

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