CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SELECTED TANNERIES IN ETHIOPIA – CASE STUDIES FROM STAKEHOLDERS' PERSPECTIVE

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ABSTRACT

This paper investigated the CSR practices among selected tanneries from the part of the developing world where there is a dearth of CSR study. The status of CSR in Ethiopia in general, and the tanneries sector in particular is the least explored subject. This study brings to the fore the status of CSR from less charted territories such as from this part of the world. More specifically, the study examined the CSR trends in the tanneries sector of Ethiopia by investigating the existing CSR practices and concerns among a selection of tanneries. This is an area that hasn't been broadly explored in the setting of the underdeveloped nations such as in the context of Ethiopia in general and the CSR practices of the tannery sector in particular despite the fact that the tannery sector is regarded as one of the priority areas of the country that is expected to contribute hugely to achieve economic breakthrough. Methodologically, the study employed qualitative case studies (comparative case studies) among three tanneries, which were willing to participate in the study to address the central research question of the study which

focuses on assessing the CSR practices, challenges, and concerns in the tanneries sector of the country. Findings indicate that the studied tanneries execute their current CSR initiatives mainly due to ethical consideration. Regarding the challenges that the tanneries face in implementing CSR, the major challenge that is identified by the managers of the tanneries is lack of government policy to support the tanneries to implement CSR programs through incentive policies and lack of internal organizational capabilities.

INTRODUCTION

It is admitted in management literature that Corporate Social Responsibility (CSR) is a vital duty of a business (McGuire, Sundgren, & Schneeweis, 1988), and "in today's competitive market environment, corporate social responsibility represents a high profile notion that has strategic importance to many corporations" (Luo & Bhattacharya, 2006, p.1). CSR encompasses "the responsibilities that businesses have to the societies within which these businesses operate" (Cadbury, 2006, p. 149). There are pressures from various stakeholders that request businesses to engage in more CSR practices. It is pointed out that in this era of modern businesses "customers, employees, suppliers, community groups, governments, and some shareholders have encouraged firms to undertake additional investments in corporate social responsibility (CSR). Some firms have responded to these concerns by devoting more resources to CSR,"(McWilliams, 2000, p. 603). In other words, it is indicated in CSR literature that requests to businesses for CSR commitments come from "everywhere and everyone for everything: from nonprofit organizations, public sector agencies, special interest groups, suppliers, potential investors, stockholders, politicians, even colleagues and board members; for issues ranging from health to public safety to education to community development to protecting animal rights to sustaining the environment. And the pressures to respond strategically seem to be building, with increased internal and external expectations to address economic responsibilities as well as social ones—to do good for the corporation as well as the cause" (Kotler & Lee, 2005, p. 1).

More specifically, Leonard & McAdam(2003) stated that ethics and values are essentials on which businesses are founded and through which success can be achieved and communities developed. CSR has always been a major influence in the business world and is growing in

importance as it is increasingly supported by business models and standards. Further the authors affirmed that CSR includes consideration of such issues as Human rights, Workplace and employee issues, including occupational health and safety, unfair business practices, organizational governance, environmental aspects, marketplace and consumer issues, community involvement and participation in social development. (p.6-7)

Besides, there is an increasing interest for CSR research. It is affirmed that "there is high ranking of corporate social responsibility (CSR) on research agendas and CSR has moved from ideology to reality, and many consider it necessary for organizations to define their roles in society and apply social and ethical standards to their businesses" (Lindgreen & Swaen, 2010, p.1)

Objective of the Study

This research envisions to examine the CSR trends in the tanneries sector of Ethiopia by investigating the existing CSR practices and concerns in the selected tanneries. A selection of companies from the sector (based on willingness to participate in the study)were approached and the level of knowledge developed about CSR in the selected companies as well as their CSR practices and concerns were investigated. The tannery sector is one of the priority areas of the country that is expected to contribute hugely to achieve for the economic development of to become one of the middle income countries by 2025. This research looks forward to study the CSR practices in the tannery sector of Ethiopia. This sector is chosen because it is regarded as one of the major non farming sector that the country is focusing on to realize its ambitious industrialization and economic development[1].The main objective of the study is to examine the CSR practices and concerns in the tanneries in Ethiopia. In so doing, the study will seek to explore the extent to which CSR is implemented among selected tanneries in Ethiopia andto find out factors that contribute and impede the implementation of CSR in the Ethiopian tanneries.

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[1] Available at http://allafrica.com/stories/201506250475.htmlReterived on 16 July 2016

Research Questions

According to the aforementioned objective of the research, this study will endeavor to address the following research questions:

(1) What are the major CSR initiatives undertaken in the tanneries sector of Ethiopia?

(2) Why do the tanneriesunder the study engage in CSR?

(3) What are the challenges that thetanneries face in implementing CSR?and

(4) What CSR concerns do prevail in the tanneries?

THEORETICALFRAMEWORK

"The role of businesses in society is clearly on the agenda. There is virtually no industry, market, or business type that has not experienced growing demands to legitimate its practices to society at large"(Crane, Matten, & Spence, 2008, p. 3-4). There are a number of CSR studies that have been undertaken in the last several decades, however despite "The concept of corporate social responsibility (CSR) has been widely investigated, but a generally accepted theoretical framework does not yet exist. Nonetheless, stakeholder theory more closely addresses the CSR approach of large firms" (Russo & Perrini, 2010, p.207). Besides, "if CSR aims to define what responsibilities business ought to fulfill, the stakeholder concept addresses the issue of whom business is or should be accountable to, and both concepts are clearly interrelated" (Kakabadse, Rozuel, & Lee-Davies, 2005,p.289). Thus, this research will draw on stakeholders theory and stakeholders approaches to CSR. The theoretical underpinning starts with highlighting the concept of CSR, and then it draws attention to presenting conceptual frameworks regarding stakeholders and explaining stakeholder types. Later on, it elaborates the stakeholder theory and the corporate social responsibilities of businesses to their diverse stakeholder constituencies.

The Concept of CSR

"The concept of corporate social responsibility (CSR) has a long and varied history" (Carroll, 1999,p.268). Cochran (2007, p. 449) also asserted that "over the past several decades, corporate social responsibility (CSR) has grown from a narrow and often marginalized notion into a complex and multifaceted concept, one which is increasingly central to much of today's corporate decision making. In spite of this, "though it is widely used in theory and practice, the

term corporate social responsibility (CSR) has been notoriously difficult to define ever since" (Schreck, 2009, p.5). That is although the concept of CSR is widely discussed in theory and practice, there is no general agreement about its definition, (Weber, 2008). "Nonetheless, most CSR by definition is concerned about the responsibilities of companies with regard to other actors in society" (Dobers & Halme, 2009, p.238). In connection, Crowther and Aras (2008) explained that "the broadest definition of corporate social responsibility is concerned with what is the –or should be –the relationship between global corporation, governments of countries, and individual citizens. More locally, the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. Another definition is concerned with the relationship between a corporation and its stakeholders"(p.10). This research is more interested in the meaning of CSR as a relationship between a corporation and its stakeholders. Accordingly, it uses the CSR definitions by EU Commission (2002) and Hurst (2004) as its operational definition:

> "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."[2] (EU Commission 2002,347, p. 5)

> "CSR is fulfilling the responsibilities or obligations that a company has toward its stakeholders; with greater stress upon the obligations a company has to the community and environmental stewardship" (Hurst, 2004,p.7).

In view of this definition, businesses have responsibilities to the society and the environment as well as stakeholders with whom the businesses have relations. This also implies that there are normative and instrumental reasons for businesses to engage in CSR- "a normative perspective, concerned with the moral correctness of firms and their managers, and an instrumental perspective is more related to the traditional performance goals of profitability and business growth. From a strategic approach, most academics agree to prioritize the instrumental focus over the normative perspective; they usually state that those organizations that do not orientate

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[2] The A EUROPEAN ACTION FRAMEWORK FOR CSR, The COMMUNICATION FROM THE COMMISSION concerning Corporate Social Responsibility: A business contribution to Sustainable Development is available at https://ec.europa.eu/europeaid/sites/devco/files/communication-corporate-social-responsibility-sustainable-development-com2002347-20020702_en.pdf retrieved on 26 November 2015

their activities under a CSR philosophy in the short- or medium-term will be at a significant competitive disadvantage" (Madueño, Jorge, Conesa, & Martínez-Martínez, 2015,p.2). Otherwise, at its most basic, 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.

Stakeholders: stakeholders and stakeholder types

The stakeholder theory of Freeman, (Freeman, 2001) argued that modern businesses and their managers have "fiduciary relationship with their stakeholders" (p.39), and the author further suggested that a modern business needs to address the interests of its stakeholders. Accordingly, the author defined "stakeholders as those groups who have a stake in or claim on the firm, including suppliers, customers, employees, stockholders, and the local community" (Freeman, 2001,p.39).In other words, "Stakeholders can compete for legitimacy, influence and recognition from companies" (Arenas, Lozano, & Albareda, 2009, p.176).

Stakeholder Theory and CSR

"Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm" (McWilliams, Siegel, & Wright, 2006,p.5). This is particularly important in this modern business era when the dominance of the "shareholder theory" is fading away. That is the creation of shareholder wealth, once considered the ultimate corporate objective and yardstick of organizational value, is slowly becoming overshadowed by a broader conception of organizational success by accounting for the interests of a broader spectrum of stakeholders (Heslin & Ochoa, 2008). Modern businesses currently assume responsibilities to various stakeholders including in the implementation of their CSR initiatives. Besides, "there is a natural fit between the idea of corporate social responsibility and an organization's stakeholders. The concept of stakeholder personalizes social or societal responsibilities by delineating specific groups or persons business should consider in its CSR orientation. Thus the stakeholder nomenclature puts names and faces on the societal members

who are most urgent to business, and to whom it must be responsible" (Heslin & Ochoa, 2008, p. 43).

In otherwords, stakeholder theory is a popular approach in the study of the CSR engagements of businesses. Although the theory of the social responsibility of the firm vacillate between the two extremes, that is the shareholder theory and the stakeholder theory, and the stakeholder theory of the social responsibilities of business is more appealing (Argandoña, 1998).Besides, according to Mitchell, Agle, and Wood (1997), "stakeholder theory attempts to articulate a fundamental question in a systematic way: which groups are stakeholders deserving or requiring management attention, and which are not?" (p.855). More elaborately, stakeholder theory has descriptive (empirical), instrumental, and normative values, (Donaldson & Preston, 1995). According to Donaldson and Preston, the theory is used to describe and explain, specific corporate characteristics and behaviors. Thus, the stakeholder theory is useful to assess empirically the characteristics of a business and CSR activities it does to its respective stakeholders. Moreover, the authors indicated that along with the descriptive (empirical) finding, the stakeholder theory is useful to even to identify the links between stakeholder management and the achievement of traditional corporate objectives such as profitability and growth. Based on this view, and the objective of the research, the stakeholder theory has a valuable contribution to assess the prospects of CSR to the businesses under the study. Further, it is noted by Donaldson and Preston that the normative value of the stakeholder theory presents the opportunity to examine why a business behaves in a certain way; along this line, the research depends on the descriptive, instrumental, and normative value of the stakeholder theory in investigating why the businesses under the study execute their CSR programs. Further, it is noted that basically, CSR is about seeing business as an integral part of society, communities and the environment that supports it as a business does not exist in isolation; and it relies on a multitude of relationships with customers, employees, suppliers, communities, investors and others – in other words, stakeholders" (Bokhodir & Iroda, 2010).

Corporate Social Responsibilities of a business to various stakeholders

"CSR activities have been posited to include incorporating social characteristics or features into products and manufacturing processes such as using environmentally-friendly technologies, adopting progressive human resource management practices such as promoting employee empowerment, achieving higher levels of environmental performance through recycling and pollution abatement such as adopting an aggressive stance towards reducing emissions, and advancing the goals of community organizations" (McWilliams, et al., 2006,p.3)

This section outlines the corporate social responsibilities of businesses to their various stakeholder constituencies. The major stakeholder groups that a business's CSR commitment may reach out include shareholders, employees, customers & distributors, suppliers, local community, NGOs, the public at large, and environment (Carroll, 1991; Freeman, 2001; Werther & Chandler, 2010). Similarly, Ismail (2009) stated that the present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. Thus, a business may have several stakeholders, but, for the purpose of this study, shareholders, customers, employees, local community, and the environment are identified as the main stakeholders. In view of this, this study will assess the case companies CSR commitment to shareholders, employees, customers, local community, and the environment. The description below outlines the CSR responsibilities of businesses to these various stakeholders as found in CSR literature.

CSR to shareholders

Shareholders are normally considered the owners of a corporation, (Glac, 2010) and besides what is expected of managers to behave responsibly towards the society and the environment as well as other stakeholders including shareholders, modern day "activist shareholders are now routinely submitting social proposals to annual meetings and working together with management to improve performance on a variety of social issues, and other socially concerned investors are

using more indirect ways to express their expectations of socially responsible conduct and "vote" with a socially motivated allocation of their investment dollars" (Glac, 2010, p.23). Among others, few instances of social proposals of shareholders include EEO reports, Board diversity, and Report on glass ceiling (Glac, 2010,p.27). Further, it is indicated that companies have responsibilities to apply transparent communication with their shareholders, and they may have to ensure that shareholders are provided   honest information whenever required (information availability, timely disclosure) as well as commit themselves to a solemn consideration to shareholders proposal." Business roundtable[3]. On top of that Heblich (2010) suggested that "companies have an incentive to act in accordance with society's demands, that is, to pursue CSR strategies—even in the absence of formal regulation; and pursuing a CSR strategy is a viable strategy for increasing shareholder value" (p.490)

CSR to Employees

Employees are one of the stakeholder groups that deserve the CSR consideration of their respective company. The most commonly anticipated CSR commitment of companies to their employees include   freedom of association and collective bargaining,   right to non-discrimination, abolition of forced labor, abolition of child labor, right to work, fairness and equity in pay, conducive working conditions, just and favorable remuneration, and right to safe working environment, and   right to rest and leisure (Ruggie, 2008; Global Compact, 2000; OECD[4], ILO Declaration on Fundamental Principles and Rights at Work[5]). Similarly, Bokhodir & Iroda 92010) indicated that good working conditions, proper treatment, and equal opportunity define a company's CSR pledge to its employees.

CSR to Customers

Businesses have responsibilities to ensure CSR to customers. Hong and Xiaoli (2010) assert that "as for customers, enterprises should offer safe and reliable products and respect customers' right

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[3]Business Roundtable (BRT) is an association of chief executive officers of leading U.S. companies working to promote sound public policy(http://businessroundtable.org)

[4]Details about OECD guidelines for multinational companies is available at http://mneguidelines.oecd.org/

[5] Details of the declaration is available at http://www.ilo.org/declaration/thedeclaration/lang--en/index.htm

to know and to choose (2010, p. 562); and Graafland , Eijffinger, & Smid Johan (2004) also shared that CSR to customers encompass activities such as safety and quality of product, respect for customers, and supply of sustainable alternatives. Similarly, Bokhodir and Iroda (2010) noted that companies' CSR commitments to customers include ensuring the quality of products and/or services a company produces, monitoring complaints, and utilizing customer feedback.

CSR to Local Community

CSR is also concerned with addressing the interests of local community as one of the major stakeholders of a business. An expansive list of CSR considerations that businesses may take into account while dealing with communities is provided by Ismail (2009) based on the prime notion that "CSR has implications on community and community development in many ways and the role of CSR in community development refers to any direct and indirect benefits received by the community as results of social commitment of corporations to the overall community and social system" (Ismail, 2009,p.204). Accordingly, the author has identified an expansive list of CSR activities that businesses are expected to undertake towards the community. These CSR to communities include: (1) to share the negative consequences as a result of industrialization. This is related to increasing conscience-focused marketplaces necessitating more ethical business processes, (2) closer ties between corporations and community. Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services. By doing so, corporations and community would stay in peace and harmony. This becomes a social capital that is essential in community development, (3) Helping to get talents. Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates, (4) role in transfer of technology (TOT),(5) CSR helps to protect environment, (6) CSR is for human right corporate sustainability (building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labor and the United Nations), (7) Interdependency between a corporation and community(give aids to local organization and impoverished communities; a CSR program can be seen as an aid to alleviate poverty, and (8) For corporate sustainability goals (a continuing commitment by a

company to behave ethically and contribute to economic development while improving the quality of life of its workforce and family members, as well as the local community and society at large), (Ismail, 2009,p.204-206)

CSR to the Environment

According to Worthington (2010) "the increased emphasis given to the impact of business on the natural environment is not simply a matter of morality or business ethics" (p473). According to Worthington, there are three compelling reasons why businesses have to be responsible to the natural environment, the first one is the natural environment offers resources for businesses in the form of inputs such as raw materials, land and water, and how these resources are exploited by businesses impacts therefore not only on current but also on future economic growth and prosperity; the second reason is that the natural environment functions as an assimilator of the waste products that are a consequence of economic behavior of businesses; and thirdly the environment acts as a source of amenity value for individuals, providing, for example, access to enjoyable landscapes and space for recreation. These facts can then be taken as a constant reminder for businesses to take care of the environment. In other word, protecting the environment is one of the corporate social responsibilities of modern businesses (Kotler & Lee, 2005), and responsible businesses have a duty to support and implement pro-environmental initiatives (Joireman, Smith, Liu, & Arthurs 2015). It is anticipated that businesses may have to work towards a cleaner environment' by engaging in environmental protection activities and seriously considering the impact of their operation on the environment (Dahlsrud, 2008).

Benefits of CSR

There are certain benefits that follow the implementation of CSR by a business (Branco & Rodriques 2007; D'Amato, Henderson, & Florence, 2009). Hatch and Stephen (2015, p. 65) explain "some of the benefits of CSR include better corporate and brand reputation, recruitment of superior talent, less employee turnover, and improved risk management." Similarly, (Weber, 2008) noted that the benefits of CSR include improved access to capital, secured license to operate, revenue increases, cost decreases, risk reduction, increase in brand value, improved customer attraction, retention, improved reputation , improved employee recruitment, motivation, and retention.

Research Methodology and Methods

A qualitative research is utilized in this study to investigate the corporate social responsibility practices in selected companies from the tanneries sector of Ethiopia. Qualitative research is especially important in the behavioral sciences where the aim is to discover the underlying motives of human behavior. Through such research we can analyze the various factors which motivate people to behave in a particular manner or which make people like or dislike a particular thing (Kothari, 2004).Qualitative research is defined as the type of methodology that allows for contributing to and interpreting a deep knowledge of social reality, according to the study of social and material circumstances of individuals as well as their experiences, perspectives, and histories Specifically, an exploratory type of research is employed, which aims to describe the phenomena in the context of their development. The research is also explanatory because it seeks to examine the reasons why phenomena arise as well as the associations between them,(Beverley, Elzabeth , & Kate, 2009). The research is a combination of a descriptive study (CSR activities the companies are engaged in) and an exploratory study (why are the companies undertaking those CSR activities that they implement).

As discussed in the theoretical part of the study, there are major stakeholders in business including shareholders, employees, customers, local community, suppliers, and the environment. This empirical analysis presents the findings of the research in light of the research questions in a case by case fashion. All the three case companies that are part of the investigation are all drawn from the leather and tanneries sector, and for the sake of anonymity and confidentiality the case companies are identified as Case#1, Case#2, and Case#3. While Case#1 is a tannery which does reside in Mojjo, which is about 70 Kms east of Addis Ababa, Ethiopia's Capital; the other two case companies are located in Addis Ababa.

In presenting the empirical finding, the results of the companies' CSR activities to its shareholders, customers and suppliers are outlined based on the reported information (interviews) from the companies' managers regarding what CSR activities the respective companies undertake to those stakeholders. The managers interviewed include Production and Environment manager (Case#1), Planning and MIS Department Manager(Case#2), and General Manager (Case#3). The interview lasted for 1 hour on the average and the interview responses

were tape recorded and transcribed by the researchers immediately. Whereas the companies' CSR activities to employees, the local community, and the environment are triangulated with the Focus Group Discussions (FGD) that, the researchers conducted with employees and members of the local communities from each of the case companies which have been studied.Each FGD lasted for about 1.5 hours on the average.

The results of the empirical study of each case is presented in a form of answering the research questions that the study has raisedby describing, interpreting, and comparing the results in a narrative way, which is a popular presentation and analysis approach in case studies (Flyvbjerg, 2006, Yin, 2003, Miles, Huberman, & Saldaña, 2013; Gillham, 2000).

Empirical Results - Comparative Analysis

In this specific section we provide the comparative analysis of the research findings in light of the research questions of the study which shed light on the major types of CSR activities that the studied tanneries undertake, why they perform CSR , the benefits that they get by implementing CSR and the CSR concerns that prevail among the case tanneries. In order to display the overall findings of the study in a comparative mode over the three cases, we chose to use narrative approaches to clearly illustrate the comparative results of the study. This is done per research question. Narrative style is a common approach in case studies research (Czarniawska, 1997) and it is widely taken as "the basic way of presenting a case study report is a narrative, and the case study researcher, who is seeking to recreate the context and sequence of evidence in a way that enables the reader to see and understand the meaning of what is recounted, has to use a more overtly narrative format." Gillham (2000, p. 22). In addition, in order to facilitate this narrative analysis of the case studies, the researchers developed qualitative tables using excel spreadsheet and those tables that contain textual data based on a uniform approach across the case companies were found to be the convenient way to display the text from across the whole dataset in a way that makes systematic comparison easier (Gibbs, 2008; Yin, 2003). This was done as per the research questions of the study: what are the CSR activities that the tanneries undertake, why do they undertake CSR, the benefits the tanneries achieved as a result of CSR and the challenges encountered, and the existing CSR related concerns among the tanneries.

Comparative analysis on the major CSR activities undertaken by the tanneries

Accordingly, the result of the comparative analysis indicates that there are certain types of CSR activities that the tanneries undertake to their respective stakeholders, namely- shareholders, customers, employees, local communities, and also to the environment.

CSR to Shareholders

With respect to shareholders (owners of the companies), it is found out that the tanneries are committed to provide timely performance reports to their shareholders. It is affirmed across the board that producing financial reports on a timely basis is taken up by the tanneries as a serious responsibility that they are executing currently. Such is one of the responsibilities that businesses have to discharge to meet shareholders'' requirements, (Glac, 2010; Heblich, 2010)

CSR to Customers

With regards to customers, the companies claim that meeting customer' specifications and properly entertaining customers' complaints is central to their CSR commitments to customers. According to CSR authors such as Graafland, Eijffinger, & Smid Johan (2004) and Bokhodir and Iroda (2010) such CSR commitments by companies to customers are important issues towards improving the safety and quality of products as well as to make use of customer feedback. It is also observed by the researchers that the tanneries keep their plants open even for unplanned visits by customers who wish to visit the factory, and assess the production process and employees' working conditions. This is n important CSR consideration and is aligns with "customers' right to know and choose (Hong& and Xiaoli, p. 562).

CSR to Employees

Concerning CSR activities to employees, the findings of the comparative analysis indicate that there are similar and distinct types of CSR activities that the tanneries are undertaking towards their respective employees. The similar CSR activities that have been undertaken by three of the case companies towards their employees include, providing training opportunities, paying for educational expenses of employees, providing regular medical checkups, and providing employees with safety equipments and tools. There are also important activities that Case #1 and

Case #2 undertake such as supporting the labour union; complying with the collective agreement that the management signed with the labour union over working conditions such as safety, and employees' rights and benefits such as salary, promotion, bonus and pay raise. Further, it was found out that Case #2 and Case #3 providing highly subsidized catering service to their employees. The rest are distinct employees' oriented CSR activities: providing annual pay raise based on performance evaluation, promotion opportunities based on internal vacancy whenever there occurs a vacant position, implementing grievance handling mechanisms, overtime pay; (Case #1); celebrating workers day and nominate person of the year, transportation service, medicare, ensuring the participation of employees in companywide decision making through their representative (Case #2), and extending financial support to employees who have genuine need and providing insurance coverage (Case #3).It is reiterated in CSR literature that organizations have to implement employees' centered CSR practices depending upon the needs and requirements of their respective employees (seeRuggie, 2008; Global Compact, 2000; OECD, ILO Declaration on Fundamental Principles and Rights at Work).

CSR to Local Communities

There are distinct findings among the three tanneries regarding their CSR commitments to the local communities. For instance in case #1, even though the interview result with the tanneries managers states that the tannery is committed to play a positive role in the community development activities, the FGD discussion with the community members indicates distasteful results such that the tannery is disrespectful to the local communities, and it releases wastes to the nearby river irresponsibly and it is polluting the environment very highly. The respondents maintained that there is very high air and water pollution in their community due to the excessive wastes and manufacturing processes of the tanneries.

In case#2, despite claims by the management that the community is one of their CSR priorities, the FGD result with community members living near the tannery asserts that the company is not committed well to community focused CSR practices. The FGD result upholds that neararby communities suffer from liquid wastes discharged from the tannery. The FGD participants affirm that the only community centered activity that the tannery undertakes is providing access to water/ground for the communities for cleaning purposes. Finally, when it comes to Case#3,

results show that the tannery has a harmonious relationship with its community. It is found out that the tannery constructed a one kilometer road with the cost of 2 million Ethiopian birr to alleviate infrastructure problem that exists in the area where it operates. It is also found out that the tannery s also executing security related responsibilities to the vicinity through deploying its own security guards. Further, the FGD confirms that since there is there is shortage of water in the area the tannery provides access to clean water to the local community. Such kinds of community centered CSR activities that the later tannery undertakes to benefit communities deserve appreciation. In fact, CSR literature upholds that CSR to local community involves activities such as community development tasks which include any direct and indirect benefits received by the community as a result of social commitment of businesses to the overall community and social system" (Ismail, 2009,p.204)

CSR to the Environment

Speaking of CSR to the environment, all of the tanneries claim that they do their level best to be environmentally friendly. However, this is found to be socially desirable answer form the part of Case #2. It is only in Case#1 and Case#3 that observation by the researchers and FGD discussions with local communities and employees of the tanneries affirmed that the tannery is indeed very much concerned about the environment. These two tanneries run modern liquid waste treatment plant, there are activities of segregation of solid wastes, and there is also green plantation/wet lands inside the tanneries. The FGD with the local community has also confirmed that these tanneries are much more concerned about the environment and they retain liquid waste in the wet lands of the tanneries within their premises.

Comparative analysis on why the tanneries undertake CSR

Regarding the research question of why the tanneries engage in CSR activities, the results of the comparative analysis indicate that there are a couple of substantial reasons behind the tanneries engagement in CSR. The most dominant explanation provided by all of the three tanneries is environmental consideration. And, distinct explanations for this include CSR activities have implication on the tannery's image and reputation (Case #1), to give back something to the environment and the society in return for resources it uses from the environment (Case #2), and to be ethical, and respectful to employees, customers and communities (Case #3). All of these

motives for engaging CSR align with the theoretical and empirical explanations provided by other authors and pro CSR initiatives regarding why companies engage in CSR practices such as CSR is carried out in response to integrating environmental issues (EU Comm, 2011), for the interest of maintaining/improving company image and reputation (e.g. Jackson & Apostolakou, 2010; Levis, 2006; Abdullah & Aziz, 2013), and to give back and to discharge ethical responsibilities (e.g. Papasolomou-Doukakis, Krambia-Kapardis, & Katsioloudes, 2005; Windsor, 2012; D'Amato etal, 2006).

Comparative analysis of the benefits and challenges that the tanneries face in implementing CSR

Concerning the research question of the benefits that the tanneries achieved as a result of CSR and the challenges encountered, the results of the comparative analysis indicate that the companies consider the benefits of CSR to be building their image and reputation; reducing company's cost by reusing and recycling waste; and CSR also contributes to the businesses' survival. It is noted that the tanneries consider CSR as a tool to enhance competitiveness and increase social welfare by benefitting employees, the environment and the society as a whole.

Nonetheless, the tanneries have also indicated that there certain challenges that they are faced with in implementing CSR. It is noted that lack of government policy that can support the tanneries to implement CSR programs through incentive policies and lack of internal organizational capabilities are major challenges that they are dealing with.

Comparative analysis of CSR related concerns among the tanneries

This section presents the comparative analysis of CSR related concerns that employees and local communities based on the FGD responses from the employees and members of the local communities who have participated in this study.

Accordingly, common concerns that employees shared include small salary, without overtime work their salary would not be enough at all to cover cost of living, lack of rigorous control on use of safety tools and negligence; the employees criticized their companies for the lack of strict measure on negligence on the use of safety tools by most of the employees. The researchers have also observed in the factories visit that many employees were working on the machines and the

untidy parts of the factory without using safety equipment mainly without gloves and goggles. The employees have also stated that the remuneration they get from their companies is not attractive given the rising cost of living.

Regarding the concerns of the local communities, except the tannery under Case # 3 (which is well respected and appreciated by the local community for its considerate business practices), the other two tanneries were bitterly criticized by the local communities that the tanneries are a neighbor. The tanneries are accused of polluting river and the air. Results show that there is a constant bad odor polluting the neighborhood and there is immense waste release by the tanneries polluting the nearby rivers. In other words, the local communities complained that these tanneries that operate in their neighborhood are disrespectful to the local communities, and their plants release wastes to the nearby river irresponsibly and it is polluting the environment. The respondents maintained that there is very high air and water pollution in their community due to the excessive wastes and manufacturing processes of the tanneries. Community representatives also shared that their cattle get killed by the pollution of the river water and the local communities also sustain various skin related diseases due to the contact they have with the polluted river water.

Conclusions and Recommendations

This study investigated CSR practices of selected companies from the Ethiopian tannery sector. It all started with identifying research questions, and outlining theoretical foundations, then followed by developing research methodology and methods, collecting data and undertaking single as well as comparative case studies. These all have been undertaken with the goal of answering the research questions of this study. Thus, this section attempts to sew up these various fabrics of the study into a unified account by providing conclusions and recommendation. As such, this section provides the (1) conclusion of the study by providing summary of the findings in light of the research questions that this empirical research has raised, and then it will provide (2) a recommendation on the bases of the conclusions.

Conclusions

Summary of finding in light of research question 1: What are the major CSR initiatives undertaken in the tanneries sector?

The study results indicate that the major CSR initiatives that the selected tanneries undertake include entertaining customers' complaints and accept unplanned visits by customers who wish to visit the factory, and assess the production process and employees' working conditions; providing training opportunities, paying for educational expenses of employees, providing regular medical checkups, and providing employees with safety equipment and tools, supporting the labor union; complying with the collective agreements, providing highly subsidized catering service to employees.This indicates that most of the CSR engagements of the tanneries focus on CSR to employees and CSR to customers. However, CSR spans beyond customers and employees and it also encompasses responsibilities to the environment, the local community, and other stakeholders (Dahlsrud, 2008; Fenwick & Bierema, 2008; Proença & Branco, 2014; Tsang, Welford, and Brown, 2009)

Summary of finding in light of research question 2: Why do the tanneries under the study engage in CSR?

With respect to the question of why do the tanneries undertake CSR? The major reasons that the tanneries uphold to engage in CSR relate to the desire to give due consideration to environmental protection, and the ethical responsibility to give back to societies. However, despite the claim that environmental consideration is one of the major motives of the tanneries to engage in CSR, except one of the tanneries is bitterly criticized by its respective local community for its carelessness in protecting the environment and for polluting the environment.

Summary of the findings in light of research question 3: What are the challenges that the tanneries face in implementing CSR?

In Investigating the benefits and challenges that the tanneries are faced with in implementing CSR, the study results indicate that the major benefits that the tanneries attained by implementing CSR include that CSR contributes to build their image and reputation; reduce company's cost by reusing and recycling waste; contributes to the businesses' survival, and it

also helps enhance the tanneries' competitiveness. Such are traditional economic benefits, which can be considered as a "cause" of CSR (Carroll & Shabana, 2010; Kurucz, Colbert, & Wheeler, 2008).Nevertheless, the tanneries have also indicated that they experience challenges in implementing CSR. The major challenges that are identified by the managers of the tanneries include lack of government policy to support the tanneries to implement CSR programs through incentive policies and lack of internal organizational capabilities. This finding is one of the typical challenges to CSR implementation in the developing countries as governments do not strongly promote CSR practices (e.g. see Wanderley, Lucian, Farache, and de Sousa Filho, 2008)

Summary of the findings in light of research question 4: What CSR concerns prevail in the tanneries?

With respect to CSR related concerns, the employees of the tanneries identified the following as major concerns: unsatisfactory salaries and lack of rigorous control to ensure that employees use of safety tools and equipment. Besides, local communities (except the local communities that the tannery under Case # 3 is a neighbor to) resentfully criticized the tanneries for polluting rivers and the air. The local communities complained that these tanneries that operate in their neighborhood are disrespectful to the local communities, and the tanneries release untreated waste to the nearby rivers recklessly.

Recommendations

Here we make recommendations in view of the conclusions above, by focusing on gaps (weak links) identified in the conclusions. Accordingly, the following recommendations are given for the concerned tanneries, and stakeholders including policy makers regarding the status and concerns of the implementation of CSR in tanneries sector in Ethiopia.

Firstly, as the studied tanneries are bitterly criticized by their local community for their carelessness in protecting the environment, the tanneries are advised to take environmental issues seriously and reduce, if not be able to avoid completely, environment pollutants coming from their operation either in the form of liquid, solid or gas. Second, as employees and local community members have strong concern regarding their wellbeing, the tanneries are advised to have regular consultative meeting with community representatives and workers/labor union to

understand how the companies are perceived and what to do to reduce the setbacks related to their CSR related activities towards their respective employees and the local communities. Finally, even though there is no effective CSR guideline at national level in the country, the country's policy makers should embark on designing policies that can support, reinforce and guide these tanneries in implementing CSR activities particularly in terms of incentive provision to the tanneries to engage in more robust CSR practices and capacitating the internal CSR implementation intents of the tanneries. Therefore, the government is advised to design a policy that can motivate CSR implementation and reinforce CSR implementation capacities in such forms of establishments in the country.

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