

# Corporate Social Responsibility for Social Dimension of Human Development in Ethiopia: A Conceptual Paper

Tesfaye Fentaw Nigatu (MA)  
Wollo University, Ethiopia

## Abstract

CSR is an important agent of change to address the challenges of social dimension of human development. However, Ethiopia lagged behind the concept of Corporate Social Responsibility (CSR) guideline and framework. The central theme of this paper is to analyze how Corporate Social Responsibility (CSR) is important for human development. Based on analysis of 50 scholarly papers and research journals, books and organizational website products/ leaflets, the importance of CSR for human development is discussed in relation to the experiences of Japan and South Africa and their relevance to Ethiopia. CSR is an essential concept for the accumulation of social capital (in the form of social networks development and activities of voluntary associations) thereby facilitating greater participation in civic and political associations, trust, honesty, reliability, and developing collaboration in the society. Ethiopians and CSR are compatible because Ethiopians are “open minded” and receptive towards socio-cultural life as reflected by the extended family structure; “collectivism” is a dominant national culture. It is suggested that it is essential that Ethiopians practice CSR by focusing on indigenous opportunities that are available locally without dogmatic copying of other countries.

**Keywords:** Collectivism, Corporate Social Responsibility (CSR), Human development, Social Capital.

## Introduction

U.S.A. and its allies under the support of International Monetary Fund and World Bank introduced Structural Adjustment Programs (SAP) for African countries which were initiated during the early 1990s. At the time, architects of SAP thought that it was the best medicine to the African development dilemma. However, SAP could not bring any substantial change over the poor performances of African economies (Mkandawire and Soludo, 2000). On the contrary, it brought catastrophe and chaos in some parts of Africa where unemployment, homelessness, and poverty worsened beyond expectations (African Development Bank 2009; World Bank 1994). However, the failure of SAP gave a good lesson for African development, as noted by Franz Heidhues and Gideon Obare (2011: 6) with an increased call for adjustment “... with a human face, which implies paying more attention to the social dimension of human development and the role of the state in this process.”

Based on the lessons learnt, Africa came up with the idea of sustainable economic growth particularly Botswana, Ethiopia, Equatorial Guinea, Angola, Mauritius, Seychelles, and South Africa have been able to achieve continuous economic growth (United Nation Development Program (UNDP) 2013; World Bank, 2013). The principles of developmental state underscore the importance of balancing the economic growth and social development with a focus on tackling poverty (pro-poor growth) and expand economic opportunities (Samir Bakri, 2013). The ideology of developmental state calls for a strong interaction between citizens and government institutions, with the state increasingly assuming the roles of ensuring human development and human rights, equity, sustainability and peace (Samuel 2010 as cited in Samir Bakri).

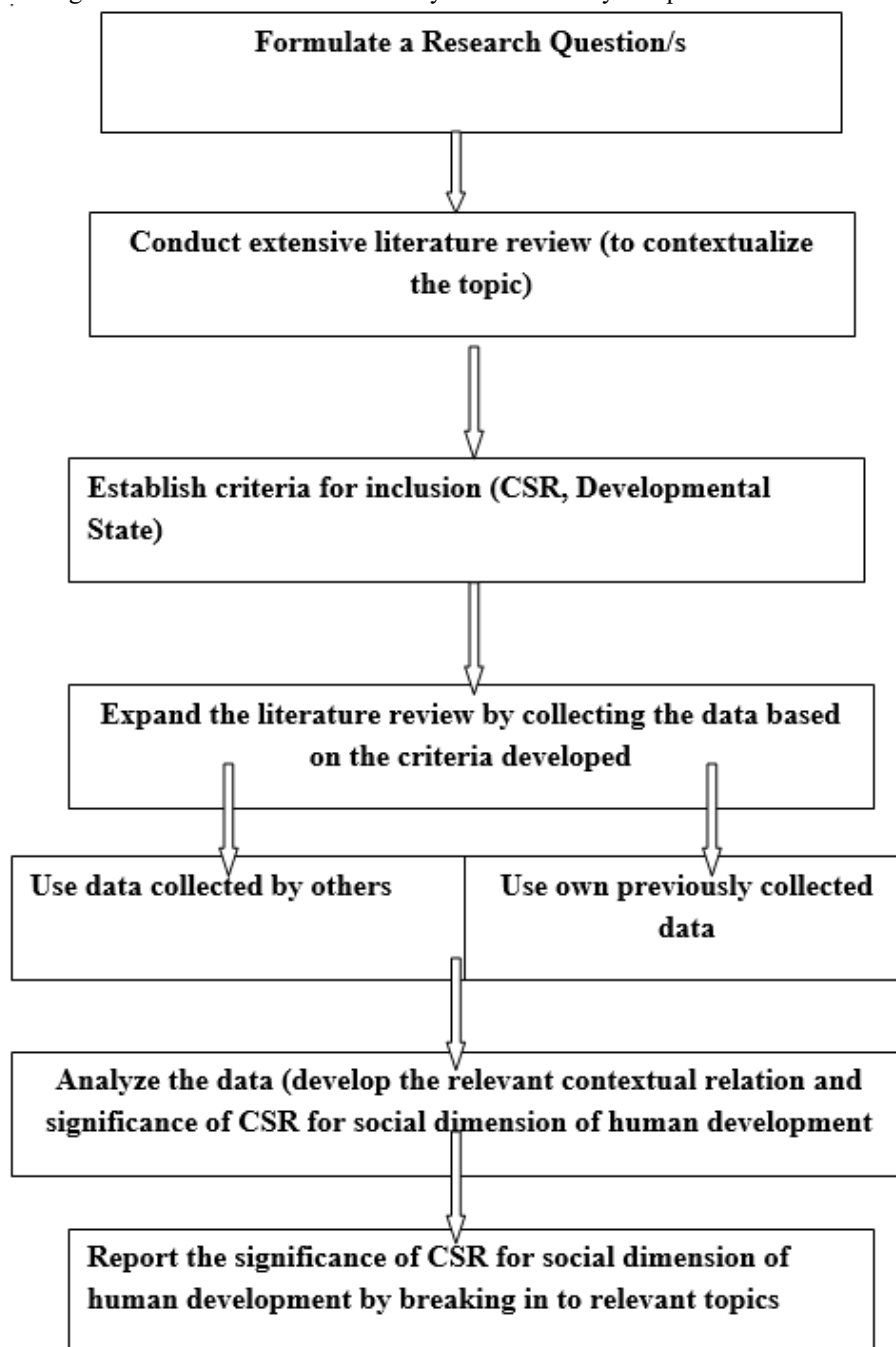
In addition, developmental state has a clear commitment for development agenda and has a solid capacity to reach the intended objective (economic growth and social development). However, in Ethiopia, there has been economic growth but achieving the goals of social development has been minimal, with government (as main development actor) and private companies not showing keen interest in addressing issues of social development. For example, the Ethiopian government has not been enthusiastic in adopting CSR guideline and has not encouraged the business sector to adapt it. The private sector, on its part, has not been forthcoming in integrating CSR in their business model. Therefore, this paper tries to investigate the importance of CSR in fostering human development in Ethiopia based on a critical review of published scholarly articles and research papers related to CSR.

## Methodology

Exploring the landscape of CSR in the context of developmental state in Ethiopia and to give an insight for the future of CSR strength is not an easy task. Starting from the Holy books to the academic conceptual and management researches, I have tried to conceptualize CSR and its applications to the Ethiopian context. To this end, I have reviewed more than 50 scholarly conceptual papers and research journals dealing with CSR. Most of the literatures that I used are written for the practices and concepts of CSR in Africa and Asia. Because of the “similarity” of political developmental ideology (Developmental state) to Ethiopia, I selected two countries i.e. Japan and South Africa. These countries are selected because the experiences of these countries can be good lessons for the developmental state of Ethiopia. More importantly, the contexts in which CSR functions are also

present in Ethiopia because of similarities in terms of cultural, social, political and historical relevance are explored. So, the analysis is based on secondary data which has been collected by others for other purpose (Saunders et al, 2009)

For the development of this paper, the researcher develops the research question of “how CSR is significance for social dimension of human development?” for this question the researcher were conduct extensive literature review for the appropriate formulation of the expected research output. By using the tool of extensive literature review work, the researcher collects the relevant data from the secondary sources and own experience. During the collection of data from secondary sources, the researcher develops the criteria of inclusion of the data. For this conceptual paper, the author uses the criteria of “subject matter” or the “concept of CSR”. Then, these secondary (50) articles are critically reviewed for the support of the research question raised. Simply the following flow chart was used for the analysis of secondary and personal observation data’s.



#### **Data Analysis and Interpretation**

The analysis part of the paper includes reviewing of major academic explanations on the outdated thinking of debating on theory but it is the time of implementation of CSR, seeing the fragmented here and there attempts of

practicing CSR in Ethiopian business sectors. In addition to these, this part of the paper analysis; how other countries address CSR (South Africa and Japan Experience) and the good lesson given for Ethiopia. How CSR address social dimension of human development, how CSR is important for the accumulation of social capital, the compatibility of Ethiopians with CSR naturally (Ethiopian open mindedness towards CSR) and the special place of CSR in small and medium enterprises (SMEs) are the major issues discussed.

### **Time is over for debating for theory... it is the time of implementation**

Basically, the time for debating on the relevance of CSR and Sustainability is over; it is the time for implementation” (Meuter, 2012: 1). Practicing of CSR is depending on the ruling government attitude towards CSR. If the attitude of the government is positive towards CSR, it developed in advanced way. One thing the government achieves its technical, material and moral support to the local entrepreneurs through CSR adaption. On the other side, private sectors strengthen and the problem of income inequality, socially irresponsible practices towards stakeholders (Employees, customers, environments, local communities, suppliers...) solved gradually.

First of all we can see the definition and different terminologies used in CSR. Corporate Social Responsibility is used in different context in different terminologies for a long period of time. Corporate citizenship, corporate responsibility, corporate social responsiveness, corporate social performance, corporate stakeholder responsibility, corporate integrity, organizational responsibility, responsible business practice and social responsibility are the terms that use interchangeably for the term CSR (Mathis, 2008; International Standardization Organization (ISO) 26000, 2010; Justice, N.D; Visser, 2010). For this paper the researcher use the dominant term i.e. corporate social responsibility.

CSR described by different business as well as individuals in different way with more or less inter related ideology. Business for social responsibility define the concept “CSR as operating a business in a manner that meet or exceeds the ethical, legal, commercial and public expectations that society has of business... it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout the business operations, decision making process that are supported and rewarded by the top management”. On the other hand CSR defined by CSR forum of Taiwan “open and transparent business practice that are based on ethical values and respect for employees, communities, government laws and the environment”. CSR is a concept where by a company’s integrate social and environmental concern in their business operation and in their interaction with their stakeholders on a voluntarily basis (commission of the European communities, 2002).

### **Corporate Social Responsibility (CSR) and Ethiopia**

In Ethiopia some large international companies have CSR program and they introduce in their operation. However, the national companies in Ethiopia lacked this. In order to tackle this problem there is a movement to develop CSR program by the Ministry of Industry in collaboration with the World Bank, US agency for international development and others (Asfaw, 2014). Among this movement Pan African Chamber of Commerce and Industry (PACCI) hosted with the co-host of the UN Global Compact and partners – UN Economic Commission for Africa, UN Development Program, business leaders and executives to share their experiences in corporate responsibility in June 2014 on the issues of women’s empowerment, decent work, education, and efforts to support their communities through job creation and responsible development (<http://andalem.com/news-and-insights>)

In Ethiopia there was/is some attempt to engage in CSR practices by some companies and business enterprise like Ethiopian Airline, Dashen brewery factory, Mohammed International Development Research and Organization Companies (MIDROC), Awash Bank’s and ZTE (Zhong Xing Telecommunication Equipment) (Asfaw, 2014). But, all the activities seem to be onetime shots by businesses without any concrete CSR strategy and goal. By the end it may be true to argue that the Ethiopian business sphere is not yet developed in terms of CSR activities (Ethiopian reporter January 17, 2015).

For the development of CSR in Ethiopia Andualem (2014) concluded that “currently it is possible to argue that the majority of corporations in Ethiopia are far from successfully in delivering their social responsibilities to the society in general and the youth in particular, owing to various political, social, institutional and cultural factors.” In this discussion forum, the problems that hindered the participation of the corporation in CSR are also identified. Among the obstacles the most important are Lack of awareness among the business community on the concept of social responsibility and lack of proper institutional set ups to coordinate social service (FSS Conducts the 8<sup>th</sup> Dialogue Forum on Youth and Corporate Responsibility in Ethiopia, 2013).

From the national small and medium business enterprises perspective; there was also lack of awareness and confusion regarding to CSR. When I conduct my Masters research thesis on the issue of CSR in the hospitality industry, I raised a question for the Managers of the hotels for the problem of practicing CSR in their business. Almost all the managers attached the problem with the government side. I want to use the word of one manager here “The role of the government is to guide and evaluate the practices of the hotel/lodge in all areas and we

need the government advice and guideline. Even we cannot get what the expected thing from the government and facilities. The facilities and infrastructures (guideline, advice...) are our essential thing we need it strongly from the government". In related to this one hotel manager added that "even taking and acting as a social responsible institution is a commitment of the institution itself and the issues that addressed to survive in the business. However, social responsibility is a means to achieve sustainability of the society by cooperating with institutions and other civil organization. To achieve the better social responsibility activities the government should support business institutions by educating them and continuously monitoring the activities that carried out by them". One manager added that "I don't know why the government only need a finance report... it is mandatory to establish a reporting guideline besides finance"

Even most of the managers define the concept of CSR by attaching it with the government. For example one manager define the word social responsibility in the following manner; "Sharing responsibility with the government". As one manager pointed out that "social responsibility is the supportive and a complimentary issues for the government rules and regulation for the betterment of the society... here I want to say the concept of social responsibility is not full without the government involvement...finally I want to say social responsibility is an extension of government laws...". The other manager added that "Social responsibility is means of ending the legal issues that are settled by the government.

### **Japan Experience for Corporate Social Responsibility (CSR)**

Due to difference in their socio-economic characteristics the Japanese approach to CSR may well differ from the Western approach (Kanji Tanimoto & Kenji 2005). The Japanese CSR culturally dominate including the sense of duty and group membership which is based on Confucianism (Mallin, 2009). In the earlier time, in the 1990s the Japanese CSR circled around the issues of product quality, customers services and employees welfare. Because of these the world was attracted by the Japanese companies. In turn these also give a competitive advantage for the Japanese company and the companies enjoy customer's satisfaction and brand value (Wokutch 1990; Lewin et al, 1995 as cited in Mallin).

For Japanese CSR practice, the Japanese government has a special place. Just as the major stakeholder the Japanese government creates a close relationship with the Japanese companies. In the Japanese context the company and the government play their own role without interfering each other but they work cooperatively for CSR. The Japanese government mostly concentrates on the initiative and guidance to encourage CSR activities rather than specific laws and rules (Mallin, 2009). Because of over emphases of the Japanese on administrative guidance it is difficult to institutionalize the CSR programs and systems. The vogue government guideline also creates confusion about the range and the definition of CSR in Japan. This guideline failed to produce specific CSR regulations, laws and rules. Without the specific legislations the Japanese firms selectively focused on CSR activities which are positively related with their profitability and public image; especially in quality product, employee health and safety and harmonious labor relation. However, the Japanese government was/ is more conscious and baked the guideline with legislation in the environmental responsibility of the firms. For this matter, the Japanese Government achieves an outstanding result in the environmental responsibility with specific legislation of basic Environment Law of 1993 and the Basic Law for stable and cooperative relation with the firms and general guideline for CSR but lacked enforced legislation and narrow CSR policies (Mallin, 2009).

### **South Africa Experience of Corporate Social Responsibility (CSR)**

The CSR agenda of African continent is dominated by South Africa and the country has also developed and updated CSR related policies for a long period of time (Visser, 2010; Jelle Postma, 2011). After the South Africa general election in 1994 based on universal suffrage, the government ended three and a half centuries of British colonialism, white rule, and apartheid. This political transformation opened a new chapter in the history of South Africa through the beginning of democratic regime (Flores, 2011).

South Africa's first president Nelson Mandela began his presidency prioritizing growth and development plans to revitalize the economy of South Africa through different mechanism. When the political platform established in South Africa the President, Nelson Mandela, first priority was creating public private partnership to address the developmental challenge that faced South Africa. This plat form of Mandela was the basis for CSR in South Africa that is seen in today's South Africa (Jennifer Field, 2007). What we understood from the experience of South Africa for CSR was, the concept was emerged immediately the new political system emerged. From this perspective the South African government and the companies worked on the selected thirteen strategic areas of CSR. These strategic areas are: black ownership and control, corporate governance and ethics, employee equity, employee relations and support, employee skills development, health and safety, HIV and AIDS, preferential procurement and enterprise support, supply chain compliance, product development, marketplace stewardship, corporate social investment, environmental impact of operations (Triologue, 2005).

From the beginning South African government understood that practicing CSR was the basic tool to solve inequality problem in economic and social circumstances. In the land of South Africa for the first time in 1992

the Institute of Directors in Southern Africa (IoD) published the King Report on the issue of Corporate Governance in South Africa. Its main theme was accountability and balancing the interest of different stakeholders. Following this first report, latterly after ten year the second king report with revised form comes in 2002 by describing the “triple bottom line reporting”. King II report was the influential and the first corporate governance code by incorporating sustainability reporting in the world business of South Africa. After a few years in 2009, the King report further developed to King III report.

As indicate above, South Africans understood that CSR is the best tool to alleviate Apartheid legacy and built mutual benefit and respect between corporate and the community. For that matter, to achieve these major issues the South Africans establish Broad Based Black Economic Empowerment to end the minority domination of economy by the white in South Africa. Basically Broad Based Black Economic Empowerment was volunteer practice; however, this comprehensive framework has had a large impact on the business environment in the country since companies that do not comply with the Broad-Based Black Economic Empowerment scorecard receive negative ratings, which hinder their ability to operate in the country (Flores, 2011).

In general, CSR practices in South Africa are regulated by the Government. At the same time it was/ is also formed through public private partnership through cooperation between the private and public sectors. The South African Experience of CSR conceded with different sector of the economy. Each different sector are used their own approach of CSR. Thus, the South African CSR practices were well organized and give a good lesson for the Ethiopia.

### **How CSR Addresses Social Dimension of Human Development**

As Pedersen (2006) explains that “don’t tell me, show me” world, companies are expected to disclose information to the stakeholders on their social performance. It is the universal agreement “business only survives if they can show and be evaluated to show, a clear social responsibility in their continual treatment of their stakeholders ...social responsibility will just be part and parcel of normal business practice” (Hopkins, 2007: 42). Similarly Anderson also wrote in his book by saying: “Agree with it, disagree with it, like it, or dislike it, social responsibility and social responsiveness are here to stay and everyone must live with them....” (Anderson, 1989: 261)

In the 20<sup>th</sup> and 21<sup>st</sup> century, Milton Friedman ideology of social responsibility (the government agencies not the corporations were responsible for social development) is outdated (Torres, 2014:1) because of a lot of different reasons including; his philosophy cannot be translated to an area defined by widespread poverty, illiteracy, weak and corrupt national governments, and inadequate international regulatory bodies, the globally evolving sustainability agenda requires an integrated effort from the private sector and civil society. Most studies are being conducted showing that CSR is good for profits. By being socially and environmentally conscious, businesses become more efficient in terms of production since less energy and material needs are required (Hopkins, 2007; ISO 26000, 2010; Mathis, 2008) consequently, bottom line profits increase.

The success of democratic developmental state measured with the creation of favorable business environment, low rate of corruption commitments, mushrooming of civil society organization, leadership quality and political stability. More importantly, CSR creates a fertile ground between private and government business enterprises. That means it creates public private partnership trough policy and guideline and any necessary provisions from the hared state of developmental because there is a mutual beneficial relationship between state and the civilian enterprises in developmental state (Oscar & Nwokpoku, 2014).

In social capital theory of Synergy view, States, firms, and communities alone do not possess the resources needed to promote broad-based, sustainable development (Michael Woolcock and Deepa Narayan, 2000). The synergy between the citizen and the government is based on complementarily and embeddedness is needed for development. Complementarily refers to mutually supportive relations between public and private actors, and is exemplified in frameworks of rules and laws which protect rights to associate, or more humble measures such as the provision of transport by the state to facilitate exchanges among community associations. Embeddedness refers to the nature and extent of the ties connecting citizens and public officials (Evans, 1995).

In parallel to this the central idea of CSR is working with stakeholders for best business practices. The stakeholders include customers, employees, and suppliers, owners, shareholders, government agencies, unions, political group (Freeman, 1984). CSR also create a good imminent for the mobilization of societal resources for development goals because the essential characters of developmental state is involving in the implicit agreement with segments of private sector to achieve a formidable development (Oscar & Nwokpoku, 2014). The research result conducted by Judy Muthuri in 2012; gives an excellent lesson for the African CSR in general and for Ethiopian in particular. He founded that the CSR agenda in Africa dominated by philanthropy but he suggest the need go beyond this dimension and emphasizes on the innovation. On the other hand, the African CSR concept and practices was/ is socio- culturally embedded. According to him, from this diverse and unique conception of CSR demand different solutions and approaches from those of developed economies. His point of view was inclined to the following recommendation for the African CSR development.



The first recommendation was; to strength and develop CSR institutions to provide education, training, technical assistance and awareness; enable CSR to be implemented for the benefit of both business and society; provision of mix on incentives and monitoring regulatory compliance to encourage firms to adapt CSR. Secondly, he gives a strong suggestion; government and government agencies act as the drivers of CSR. For this initiation he forward, mandating CSR through regulations, policy framework and CSR reporting; endorse CSR through awards to encourage responsible business practices and encourage CSR through punishing irresponsible business practices. Therefore, in order to enjoy the cram cake of all stakeholders' social development, a commitment to CSR practice is/ will be one wing that leads for the success road for Ethiopia.

As written by the Center for Citizens Participation in the African Union (CCP-AU) on peace and security theme, the center pointed out that the "security of people" (the need to protect human population from varied challenges including social, economic, political and environmental disruptions) is the guiding principle of human security rather than regime security in Africa. Therefore, to achieve this CSR played a crucial role to eliminate the challenges of human security.

Evans (2011) concludes that "ideas and 'human capital' are more central to the 21 century growth ...value creation becoming also increasing from that of the preceding centuries" (Evans, 2011). In addition capability expansion is also relevant and embedded in CSR. The need for information and the interaction with societal partners is more important. For this matter practicing and engaging in CSR is crucial because as Evan indicated "The value of a project cannot be assessed on the basis of a simple technocratic measure. Whether a project is worthwhile depends on how well its results correspond to the collective preferences of the communities being served without multiple channels getting accurate information" (Evans, 2011: 10).

Practicing CSR in developing country means involving or working business with the "bottom of the economy pyramid" (poorest billion) (Garriga& Male, 2004). Traditionally, the business strategies are mostly focused on the upper and middle income class peoples. However, this is contrary to the world people's economic strata because most of the world's population is poor or found in the lower economic strata (Garriga & Male, 2004; Corrigan, 2014). Therefore, CSR practicing is considered as a tool and a new strategy for the word economic development that working with the bottom of the economic pyramid. This is also evidenced in Indian experience that studied by Prahalad in 2002. In his study he gives a new insight converting the poor in to active consumers by working a business with them. In addition Visser shows us the CSR practicing model of Bottom of the pyramid for the developing countries and its relative importance.

### **How CSR is important for the Accumulation of Social Capital**

Practicing CSR with strong sense of stakeholder's functionality is important for the accumulation of social capital in the country development. When the social capital developed within the country; simultaneously the democratic principle developed (Putman and et al, 1993). The concept of social capital expressed in terms of social networks, voluntary associations, greater participation in civic and political associations, less free-riding on public goods, trust, reciprocity, honesty, reliability, and collaboration with in the society(Putman and et al ,1993; Yitebark S. ,2007).

Besides the above explanation of Putman and Salaam, CSR is important from the following perspectives for the accumulation of social capital. Firstly, by solving the problem of over focusing on the success of economic development at the expense of other social strata and functioning and bring cooperation for all development. Visser shows, CSR in developing countries has a special significance to eliminate the dilemmas in developing countries (i.e. environment versus development, job creation versus higher labor standards, and strategic philanthropy versus political governance...). Thus in order to balance the development agenda through the accumulation of social capital, CSR gives remarkable significance.

Secondly, it also solves the problem of using economic growth instead of economic development (Leftwich 2008, p.16; Pempel 1999). Third, it gives educational space for both the state and the business sectors because professional education practice and capacity building program are undeniable fact to achieve a sustainable developmental state principles (Johnson 1982, Evans 1995; Leftwich 2010: 108). Higher education and developmentalism feeds one another (Laura Routley, 2012).

Fourth, it creates a favorable business environment through adaptation and innovation hallmark of any emerging developmental state rather than a dogmatic following of the East Asian model. In this sense CSR is highly culturally context development. As Hoftsede indicated that culture is the programming of mind which distinguishes one group or category of people from other. In the conception of CSR, cultural issues in CSR are many and at the same time complex one. Anupama Mohan described that, it is hard to build a culture -free understanding of CSR because the concepts that underlie CSR themselves have developed within a particular cultural context of values, beliefs, patterns of thinking, practices, customs, and traditions about the role of business in society and the relation of business to its stakeholders. These cultural manifests are expresses in the society's organization. For example, the society may be Monistic, Dualistic, or Pluralistic; and Individualist; or Collectivist are different in the CSR conception. Therefore, CSR adaption based on understanding of the cultural

difference with in the world is a crosscutting issue in the development of CSR in Ethiopia.

The fifth contribution is lights up the cost of human being development and welfare of the citizens. At the beginning the developmental state approach was extremely successful at increasing economic growth in the East Asian states. However; the state elites' ambitions to promote economic development came at a cost. This cost was the cost of human being development and the welfare of its citizens. Because one of the core approaches of the developmental state of East Asian countries was the withdrawal of workers' rights, which was established through repressing labour conditions to keep wages low and therefore attract investment (Rapley, 2002:199). As a result of this in many East Asian newly industrialized countries workers were faced with 'hazardous and unhealthy working conditions and long work hours'. Particularly the women's were the victim of this type of human welfare cost. As understood from these constraints strengthening and practicing CSR is the best medicine because CSR development and practice working towards tackling these problems.

Sixthly, practicing of CSR in the business area creates production oriented private sectors with high financial performance. As Aküyz and Booth in 1999, indicated that production oriented private sector has been at the center of the rapid progress of industrialization and modernization that occurred in the East Asian developmental states. Because involving in the CSR globally attested to create a favorable business environment and financial performance. If business enterprises practice CSR towards their internal and external stakeholders they return get loyal and satisfied customers and employees and create a good business neighbors. In the 21<sup>st</sup> century business, the local communities considered as a license to operate a business. And, CSR is not unreturned investment to the stakeholders by the business enterprise. It returned if the business enterprises are good corporate citizen (Crowther and Aras 2008).

The seventh benefit is to create educational platform between private and public sector (Kumba Jallow, 2009). From the side of the state, the educational platform is expected to be the employees undergo thorough and extensive training in their respective ministries. The skills and knowledge they acquire allow the bureaucrats to carry out their administrative duties with no major "interruptions" from politicians. In theoretical way, the developmental state gives power and authority for the bureaucrats to plan, supervise and implement efficient policies. But practically this undeniable fact of strong bureaucratic to plan, implement the goals of the developmental state the effectiveness and management in Ethiopia found on the cross road of dilemma. This is because; as Asayehgn Desta explained rent seeking mentality and practices of the bureaucrats and "bureaucrats are expected to operate in line with their ethnic affiliation rather than in pursuit of the goals of the organization" (Desta, 2012: 9).

In addition, the Ethiopian state also does not take the feedback from the private sector for the economic development of the country (Desta, 2012). However, in more recent time the Ethiopian government gives emphases for the private sector by calling them as Development Partners. From these stand point developing and contextualizing CSR for the developmental state of Ethiopia is important to strength the cooperation of private business and the public sector. With feedback from the private and cooperation with them and involving in the designing developmental CSR plan, development of CSR implementation strategies, developing evaluation techniques for CSR and by applying quality administrative system through international recognition. In addition to these, social responsibility is coming from consent or "social contract" with different stakeholders (Garriga& Male, 2004). The stakeholders and the firm take a contract from the "macro social" and "micro social" (both implicit and explicit agreement) contract way (Garriga& Male, 2004). By using the educational platform which connects the government and the private sector, the government tells and educates the companies and firms through success stories of some firms for further strength just like the success story of developmental state in Japan and South Korea. So, applying the CSR concept in Developmental state context of Ethiopia gives a considerable social contract between the stakeholders and the firm that operated in the collectivist nature of the Ethiopian peoples.

The eight benefit of CSR is related with the means of expansion of human capabilities to handle the emerged economy in all sectors. As an emerging truth, the 21 century business and job moved to the service sector and human capability to hold the economy efficiently. To be "developmental" in the 21 century, more focus will be needed investment on peoples and their skills are rewarded (Evans, 2011). From this stand point the central tent of CSR is working towards the human development through legal and voluntary means for job efficiency and profitability of the business because CSR is returned investment on the stakeholders of business.

### **"The Fertile Ground in Ethiopia...Ethiopians as Corporate Social Responsibility (CSR) Minded"**

We Ethiopians have a smart history since the ancient time and known by as the pioneer of black African decolonization movement on the land of Africa. We also pass a lot of ups and down through different time and regime (Bahru Zewude, 2002). Besides these ups and down we are known by our common understanding with diverse ethnic, linguistic and other social strata's. We have also known by our hospitality. The Ethiopian door open for everybody and hospitality of Ethiopian seen in every bodies home (Elias, 2014)

Here, I would like to stress the Ethiopian "open mindedness" towards the socio-cultural life of the world

through our historical and philosophical point of view. As Hofstede described that, the socio-cultural dimension of the nation Ethiopian based on the national cultural dimension measurement, Ethiopian people's known by the extended family structure and "people think in terms of we rather than I" and "collectivism" as a dominant national culture. Collectivism culture people more focused on relationships, group obligation and interpersonal harmony. In this sense as Cheri Baker and Michael Campbell describe many African culture including that of Ethiopians, are highly collectivistic (Cheri Baker and Michael Campbell, 2013). In connection to collectivism ideas; as Vasko, Kjisik and Salo-lee describe for the definition of collectivism ideology by the Ethiopian:

*Thinking that originates from the influence of a traditional society, where more or less everything is collectively owned, where neighborhoods live in unison sharing the pleasures and toils of life, and where interests seem to converge and overlap. As a result of this, the whole community is so rigidly tied together with socio-economic and cultural cohesion, that sharing the same idea and images, shelter and neighborhood, images and feelings, stories, myths, values and traditional cults, becomes the norm (Vasko, Kjisik, Salo-Lee 1998:84).*

These national characteristics of Ethiopian have a good implication for management and strengthening of CSR in Ethiopia business and it gives grass root implication through maintaining the local context. As a matter of fact, that emanated from religious and different historical reasons, Ethiopian people's are "conservative" to their beliefs and behavior and they give a determination what they believe. Basically, CSR has a biblical background that described in the Holy Bible: "When you reap the harvest of your land, you shall not wholly reap the corners of your field, nor shall you gather the gleanings of your harvest. And you shall not glean your vineyard, nor shall you gather every grape of your vineyard; you shall leave them for the poor and the stranger: I am the Lord your God (Holy Bible Leviticus 19: 9-10). In the same too, in the Acts of the Holy Bible describe "And all those who had believed were together, and had all things in common; and they began selling their property and possessions, and were sharing them with all, as anyone might have need."(Acts 2:44-45). When we see this biblical word, social responsibility practices that ordered by God and the peoples follow it and practice the system. This observable thing also supported by Hofstede study of uncertainty avoidance of Ethiopians score high. This high uncertainty avoidance score implies the peoples maintain rigid code of belief and behavior (Hofstede). Generally, this national cultural context of Ethiopian sociologically gives a good implication for the need of CSR guideline strongly by the business enterprise in a well-organized and well prepared manner by the concerned stakeholder, government. However, this does not mean that collectivism and individualism are not live together in the community and more collectivist culture communities are need CSR. Whether the societies are collectivist or individualist, the government has a responsibility towards the citizen welfare.

Besides these dominate national culture of collectivism, Ethiopian people are high power distance country. This implies that, the citizens are more concerned about the formal process of management with hierarchy and guideline (Cheri Baker and Michael Campbell, 2013).

### **Corporate Social Responsibility (CSR) and its special place in Small Medium Enterprises (SMEs)**

Small and medium enterprises are now to play the lion share of the global economy, however, relatively little attention given in the relationship between Social responsibility and SMEs (Jonkutè, et al, 2011). In recent time emphases given for the development of CSR in SMEs with relatively compatible term, Social responsibility practices of SMEs. A lot of research (Hopkins, 2007; ISO 26000,2010; Efiog et al ,2013; Argandona,2010; Garay& Font, 2011;Jonkutè et al, 2011; Avram & Kühne, 2008; Moore &Manring, 2009) conducted on the significance of CSR for SMEs and the research results conclude that, CSR and SMEs are interrelated and no less responsibility for any business practices. Huge and Waas wrote that SMEs are typically more flexible in designing business solution, are often unconsciously already practice CSR, can use extra facilitation as compared to multinational companies. As Tom Fox (2005) added that "from an individual street hawker to a complex multinational enterprise, every business entity has its stakeholders and its impacts on society, both positive and negative"... Thus for their impact they take some responsibility based on their limit and power.

### **Conclusion**

From the ideological and practical confrontation CSR adaptation has a special place in order to develop a solid capacity to reach the intended objective (Economic growth and social development). By understanding this special significance of CSR, the central theme of this paper is assessing the significance of CSR for social dimension of human development in the conceptual level.

Based on the lesson learned from Japan and South Africa and with its positive outcome (but not without controversy), it gives a good insight for Ethiopia. Both countries governing power greatly involved in the development of CSR in different sector of the economy through guideline development, policy formulation, rule and law development, preparation of reporting framework, CSR institutional setup and the like within a short period of time. From the perspectives of different experts and CSR analyst; CSR is important to address human capital and development of ideas; social development of the citizens. Besides these, CSR have also a special



place in solving the problem of over focusing of success at the expense of other social strata and functioning, it also solves the problem of using economic growth instead of economic development, it gives educational space for both the state and the business sectors, it creates a favorable business environment through adaptation and innovation hallmark, practicing of CSR in the business area creates production oriented private sectors with high financial performance. By these, CSR is an essential concept for the accumulation of social capital in the form of social networks development, voluntary associations mushrooming, facilitate in greater participation in civic and political associations, build trust, honesty, reliability, and develop collaboration with in the society.

Far from the Ethiopians sharing of common characteristics with Africans, specifically, Ethiopians are CSR minded; the nature of extended family structure, Ethiopians think in terms of we rather than I and other cultural context create a favorable climate for CSR development in Ethiopia. Therefore, by understanding these and other favorable conditions and its social development significance it is time to practice CSR by supporting it with guideline, rule and law, reporting initiative.

### Recommendations

- The Ethiopian government adapts CSR Guideline for Ethiopia by cooperating with different stakeholders (Business enterprises, civil societies, NGOs, educational institutions...). According to the United Nation Global Compact strategy for Africa in 2014, Ethiopia and Angola from African countries cited as an example of lacked a guide line of social responsibility initiatives but Ethiopia cited as the first potentially rich country to develop the guideline because of the development of private business enterprises. In Africa some countries (like Tanzania, Ghana, Kenya, Zimbabwe, Uganda, South Africa, Mauritius, Nigeria and other African countries) has also a CSR guideline and involved greatly in CSR concept based on their guide line. Thus, it is possible to adapt and prepare a nationwide CSR guide line for Ethiopian business enterprise to localize CSR agenda for different sector of the economy. Besides, it is possible to adopt the CSR contents from ISO 26000, united nation global compact guideline for CSR, business leader's initiative for human right (BLIHR) and other international organizations and modify in the Ethiopian context.
- While adapting CSR in Ethiopian context it is better to give a great consideration on the bases of influence, significance, stakeholder's prioritization in core subjects of CSR and have a legal base for reporting (Social Auditing) to address social dimension of human development. And suggest the organizations and business enterprises how to monitor their performance on the core subjects and relevant issues in varied scope and core subject of the organization or business companies/ enterprise. Even social responsibility auditing is difficult task it is possible to use the stakeholder's model of evaluation (a model that takes into account the interests of employees, customers, suppliers, residents and society as a whole. Then the enterprise judged on how it behaves toward them, not just whether it makes a profit for its shareholder.
- The government should open an indigenous reporting initiative like other country footprint and initiate the business companies and enterprises to be the member of internationally well-known initiative and support them in any means for the first time (the globally known reporting initiatives found in the ISO 26000 guideline of Social responsibility).
- By giving a special consideration for the SMEs, the government prepares a CSR/Social responsibility guideline and implementation reporting and awarding scheme like Singapore SMEs guideline for CSR.
- Since CSR provide an educational platform, it needs to educated graduates in the issue of Social responsibility auditing, principles, business ethics and Chief Executive Officers (CEO) in the educational institutions especially in university level and Technical and vocational schools.
- However, this is strongly recommended simply putting a minimum requirement won't work without the participation of other like market based CSR drivers for implementation and enforcement, government governance capacity and institutional development. Thus it needs a great care and capacity to handle CSR to address social dimension of human development.

### References

- African Development Bank (ADB).2009. Conflict Resolution, Peace and Reconstruction in Africa. Oxford. Oxford University Press.
- Anderson J. W. Jr. (1989).Corporate Social Responsibility Guidelines for Top Management.Quorum Books, Greenwood Press, Inc.
- Argandona A. (2010). Corporate Social Responsibility in the Tourism Industry: Some Lesson from the Spanish Experiences. IESE Business School. University Of Navarra, Spain
- Avram, D.O., Kühne, S. (2008). Implementing Responsible Business Behavior from a strategic Management Perspective: Developing a Framework for Austrian SMEs. Journal of Business Ethics, No. 82, p. 463-475.
- Awarded M. (N.D). Is the East Asian Developmental State Replicable for Late Development in Other

### Developing Regions?

- Bahru Zewde(2002). A History of Modern Ethiopia (1855-1991). 2<sup>nd</sup> edition. Addis Ababa University Press, Ethiopia, Ohio state University press
- Business for social responsibility. Retrieved on 2/28/2015 retrieved from <http://www.bsr.org>.
- Cheri Baker and Michael Campbell (2013). Context Matters: An Ethiopian Case Study Adapting Leadership Development Methods to Serve Different Cultures. Center for creative Leadership.
- Crawford, H. and Hartmann, C. (Eds.). (2008). Decentralization in Africa: A Pathway Out of Poverty and Conflict. Amsterdam. Amsterdam University Press.
- Crowther D. and Aras G. (2008). Corporate Social Responsibility. 1<sup>st</sup> Ed
- CSR in Africa Awards (2013). EU-Africa Chamber of Commerce Retrieved On 4/15/ 2015 retrieved From [Http://Eudevdays.Eu/Topics/Csr-Africa-Awards](http://Eudevdays.Eu/Topics/Csr-Africa-Awards) On
- Desta Asayehgn (2012), "The Continuing Saga of Globalism: Comparing Ethiopia's Developmental State Strategies to those of Malaysia". Collected Faculty Scholarship. Paper 15.
- Efiong, Usang, Inyang, Inyang & Effiong (2013). Social responsibility in Small and Medium Scale Enterprises in Nigeria: an Example from the Hotel Industry.
- Elias Kebede (2014). The Hotel Industry in Ethiopia: The Best is yet to come: Addis Standard *Ethiopian Air Line Corporate Social Responsibility News Letter (2011)*.
- Ethiopian CEOs Commit to Corporate Social Responsibility. Retrieved On 15/ 4/ 2015 retrieved from [Http://Andalem.Com/News-And-Insights/Item/157-Ethiopian-Ceos-Commit-To-Corporate-Social-Responsibility](http://Andalem.Com/News-And-Insights/Item/157-Ethiopian-Ceos-Commit-To-Corporate-Social-Responsibility)
- Evans P. (1995). Embedded Autonomy: States and Industrial Transformation. Princeton, NJ: Princeton University Press.
- Evans P. (2011). The Capability Enhancing Developmental State: Concepts and National Trajectories. Paper Presented at the UNRISD-KOICA Conference Seoul, Korea, University of California, Berkeley
- Flores A. M. (2011). "Corporate Social Responsibility in South A Nice Intention." Consultancy Africa Intelligence.
- Fox, T. (2005). Small and Medium-Sized Enterprises (SMEs) and Corporate Social Responsibility: A Discussion Paper
- Franz Heidhues, Gideon Obare (2011). Lessons from Structural Adjustment Programmes and their Effects in Africa, Quarterly Journal of International Agriculture No. 1: 55-64
- Freeman, R. E. (1984). Strategic Management: A Stakeholder Approach. Boston. MA. Pitman.
- Garay, L. and Font, X (2011). Doing Good to Do Well? Corporate Social Responsibility Reasons, Practices and Impacts in Small and Medium Accommodation Enterprises. Int. J. Hospitality Manage. Doi:10.1016/J.Ijhm.2011.04.013
- Garriga, E. and Mele, D. (2004). Corporate Social Responsibility Theories: Mapping and Territory. Journal of Business Ethics, (53), 51-74.
- Global Compact in Africa. Retrieved On 4/11/2015 retrieved from [Http://Www.Triplepundit.Com/2014/06/Un-Global-Compact-Looks-Toward-Sustainable-Development-Africa/](http://Www.Triplepundit.Com/2014/06/Un-Global-Compact-Looks-Toward-Sustainable-Development-Africa/)
- Hamann R. and Kapelus P. (2004). "Corporate Social Responsibility in Mining in Southern Africa: Fair Accountability or Just Greenwash?" Society for International Development.
- Hopkins M. (2007). Corporate Social Responsibility and International Development Is Business the Solution? Earth Scan, UK and USA.
- Huge J. and Weas T. (N.D). Corporate Social Responsibility for Sustainable Development Reflection on Theory Practices and the Role of Government.
- Hussein Ahmed Tura (2012). Overview of Corporate Governance in Ethiopia: The Role, Composition and Remuneration of Boards of Directors in Share Companies. Mizan Law Review, 6(1).
- International Labor Organization (2010). Developments and Challenges in the Hospitality and Tourism Sector: Issues Paper for Discussion at the Global Dialogue Forum for the Hotels, Catering, Tourism Sector (23-24 November 2010), Geneva, Switzerland.
- International Organization for Standardization (ISO 26000) (2010). Guidance on Social Responsibility.
- Jelle Postma (2011). Making Business Sustainable: Corporate Social Responsibility in South Africa. Royal Embassy of the Netherlands.
- Jennifer F. (2013). "Mining Corporate social Investment in South Africa". Kellogg School of Management.
- Johnson, C. (1982). MITI and the Japanese Miracle. Stanford: Stanford University Press.
- Jonkutė G., Staniškis J. K. and Dukauskaitė D. (2011). Social Responsibility as a Tool to Achieve Sustainable Development in SMEs. Environmental Research, Engineering and Management, 2011. No. 3(57), P. 67 – 81.
- Justice D. W. (N.D). Corporate Social Responsibility: Challenges and Opportunities for Trade Unionists.
- Kanji Tanimoto & Kenji Suzuki (2005). Corporate social responsibility in Japan: analyzing the participating

- companies in global reporting initiative.
- Kasim, A. (2009). Managerial Attitudes towards Environmental Management among Small and Medium Hotels in Kuala Lumpur. *Journal of Sustainable Tourism*, 1 – 17.
- Kayode O. (2013). Corporate Social Responsibility in Africa: Effective Tool Or Convenient Escape retrieved on 22/12/2015 Available at [Http://Saharareporters.Com/2013/03/18/](http://Saharareporters.Com/2013/03/18/).
- KumbaJallow (2009). Education for Ethics and Socially Responsible Behavior.
- Kuye J.O and Ajam T. (2012). The South African development al state debate Leadership, Governance and a Dialogue in public sector finance, Pretoria, South Africa.
- Laura Routley(2012). Effective States and Inclusive Development Research Centre (ESID) Developmental states: a review of the literature, School of Environment and Development, The University of Manchester, Oxford Road, UK
- Leftwich, A. (2008). Developmental states, effective states and poverty reduction: The primacy of politics. Geneva: UNRISD Project on Poverty Reduction and Policy Regimes.
- Leftwich, A. (2010). Beyond Institutions: Rethinking the Role of Leaders, Elites and Coalitions in the Industrial Formation of Developmental States and Strategies. *Forum for Development Studies*, 37(1), 93-111.
- Madeleine B. (2013). "Corporate Social Responsibility in South Africa's Mining Industry: Redressing the Legacy of Apartheid " CMC Senior thesis. Paper
- Mallin C. A. (2009). Corporate Social Responsibility. A Case Study Approach. Edward Elgar Publishing, Inc. UK and USA.
- Mathis A., (2008). Corporate Social Responsibility and Public Policy-Making Perspectives, Instrument and Consequences. University Of Twente.
- Meuter J. B. (2012). Guidebook for Sustainability and Corporate Social Responsibility: Practical Guidelines for SMEs willing to engage in Sustainability practices in Singapore and in the Asian region.
- Mkandawire T. (N.D). Transformative Social Policy and the Developmental State. London School of Economics and Politics Science, Institute for Future Studies, Stockholm
- Mkandawire, T. and Soludo, C. (eds.). 2000. African Voices on Structural Adjustment: A Companion to Our Continent, Our Future. Council for the Development of Social Science Research Center in Africa. Dakar. Africa World Press.
- Moore, S.B., Manring, S.L. (2009). Strategy development in small and medium sized enterprises for sustainability and increased value creation. *Journal of Cleaner Production*, No. 17, pp. 276-282.
- Muthuri J. N. (2012). Corporate Social Responsibility in Africa: Definition, Issues and Processes. International Centre for Corporate Social Responsibility, Nottingham University Business School.
- Oscar E. U. & Joseph Nwokpoku E. (2014). Asian 'Developmental' States: Lessons for Africa.
- Pedersen E.R. (2006). Making Corporate Social Responsibility (CSR) Operable: How Companies Translate Stakeholder Dialogue into Practice. *Blackwell Publishing Business and Society Review*, 111(2), 137–163.
- Pempel, T. J. (1999). The Developmental Regime in a Changing World Economy.
- Peter M. And Charity M. (Eds) (2010). The Developmental State in Africa: Problems and Prospects. Institute for Development and Peace, University of Duisburg - Essen (INEF-Report).
- Putnam, R.D., Leonardi, R., and Nanetti, R.Y. (1993). Making Democracy Work: Civic Traditions in Modern Italy. Princeton NJ: Princeton University Press.
- Samir Bakri (2013). Ethiopia's Developmental State Ideology. Civil Service University, Addis Ababa
- SehenBekele & TsegayeRegassa (2012). Democratization in a Developmental State: The Case of Ethiopia Issues, Challenges, and Prospects, UNDP.
- TamratDejene (2013). The Emergence of Democratic Developmental States in Africa: The Ethiopian Experience.
- Terence Corrigan (2014). 'Good Citizens': Corporate Social Responsibility in Africa.
- The World Bank. 1993. The East Asian Miracle Economic Growth and Public Policy. World Bank Policy Research Report. Oxford. Oxford University Press.
- Torres J. (2014). How Affiliate Marketing Can Work For Entrepreneurs. Retrieved on 7/2/2015 Available At [Http://Www.Entrepreneur.Com/Article/236549](http://Www.Entrepreneur.Com/Article/236549).
- Triologue (2005). "The Good Corporate Citizen",
- United Nation Global Compact (2014): Advancing Corporate Sustainability in Africa.
- United Nations Development Program (2013). Human Development Report 2013: The Rise of The South: Human Progress in A Diverse World. New York. UNDP.
- Vázquez et al (2010). Validation of a Measurement Scale for the Relationship between the Orientation to Corporate Social Responsibility and other Business Strategic Variables.
- Visser, W. et al (E.Ds) (2011). 'The A to Z of Corporate Social Responsibility'. Chichester. John Wiley & Sons Ltd.
- William L. (2011). The Innovative Enterprise and the Developmental State: Toward an Economics of "Organizational Success". The Academic-Industry Research Network and University of Massachusetts

- 
- Woolcock M. and Narayan D. (2000). Social Capital: Implications for Development Theory, Research, and Policy. World Bank Research Observer, Vol. 15(2), 2000
- YeshimebetDemissie (Editor-In-Chief) and AselefechGetachew (Deputy-Editor-In-Chief) (2008). TIRET (Effort), MIDROC Magazine. Published by the Public Relations Department of MIDROC, Ethiopia
- Yitbarek, Salaam (2007). "A Problem of Social Capital and Cultural Norms?" International Conference on African Development Archives Paper 100.