



**ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES**

**CORPORATE SOCIAL RESPONSIBILITY
PROGRAMMES IN ETHIOPIAN FLORICULTURE
INDUSTRY)**

**BY
TEDLA ZEGEYE**

**May, 2013
ADDIS ABABA,
ETHIOPIA**

**CORPORATE SOCIAL RESPONSIBILITY PRACTICE
IN ETHIOPIAN FLORICULTURAL INDUSTRY**

**BY
TEDLA ZEGEYE**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY
COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**May, 2013
ADDIS ABABA,
ETHIOPIA**

**ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

**HOW IS CORPORATE SOCIAL RESPONSIBILITY
PRACTICE IN ETHIOPIAN FLORICULTURAL
INDUSTRY**

**BY
TEDLA ZEGEYE**

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of _____. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

St. Mary's University College, Addis Ababa

Signature

May, 2013

ENDORSEMENT

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

**St. Mary's University College,
Addis Ababa**

Signature

May, 2013

AKNOWLEDGMENT

Foremost, I am heartily thankful to God for bringing me to this end. Next, I would thankful to St.Mary's University College School of graduates studies for the opportunity given to me to conduct a study on such significant subject as the Corporate Social Responsibility (CSR) practice in Ethiopian horticulture industry.

Most of all, I would also like to mention special thankfulness to Dr.Mulgeta Abebe, my thesis advisor for his help and recommendations at crucial moments of my work, and who has provided useful thesis writing techniques, comments and discussions. My sincere thanks also goes to Dr. Glenn Hampries for her sector based recommendations and leading me to work on this exciting thesis topic.

I obliged to each of my interviewees for cooperation and the sincerity of their answers. Moreover, I thankful to my classmates who have offered useful comments on my work progress.

Last but not least, it is my pleasure to thank all ehpea staffs and especially the training team who made possible this thesis through distribution of questioners to farms in Ethiopia, I would like to thank Mr.Tsegaye Abebe and Mr.Tilaye Bekele higher officials of EHPEA for their time in responding the interview and personal support. Lastly, I would like to thank to my life partners for their support and patience during the thesis development.

ABSTRACT

Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. In today's globalized business world Corporate Social Responsibility has become the pioneer business issue with ethical business governance. Nonetheless, the idea is in the early developing stage in most of the developing countries like Ethiopia. Unlike the developed world in which the corporate governance system plays a key role in ensuring the ethical business practice, countries without stock market like Ethiopia are faced with lack of well established ethical business practice.

Ethiopian flower industry is at its infancy stage and generates a considerable amount of foreign currency and provides job opportunity for many citizens.

This paper explores the practice of corporate social responsibility on Ethiopian flower industry. It highlights particularly on corporate social responsibility practices and its implementation through the assistance of government bodies and other stakeholders. It attempts to reveal the growth of the industry, corporate social responsibility and governmental regulations with its CSR drivers. The study also assesses the CSR practice from the three pillars of the economical, ecological and human practices of flower farms with its related CSR drivers in promoting their governance on corporate social responsibility. This research provides opportunity for students, researchers and stakeholders to analyze and discuss on the current CSR issue of the industry. Finally, conclusions and implications for future research are discussed.

Key Words: Corporate social responsibility (CSR) practice in the Ethiopian Horticulture industry

LIST OF ACRONYMS

BTC- Belgian Development Agency
CB- Certification Bodies
CSR- Corporate Social Responsibility
EC- Environmental Council
EHDA- Ethiopia Horticulture Development Agency
EHPEA- Ethiopia Horticulture producer Exporters Association
EIA- Environmental Impact Assessment
EPC- Environmental Protection Authority
EMS- Environmental Management System EUREP-
European retail Organization
GAP- Good Agricultural Practice
GVC- Global Value Chain
ILO- International Labor Organization
MoARD- Ministry of Agriculture and Rural Development
MPS- Milieu Project Sierteelt (Market Label)
SQ- Socially Qualification
VCA- Value Chain
NGO-Non Government organizations
ENHPP-ETHIO-Netherland Horticultural partnership programs
ICBP -Integrated capacity building programs of roses,
IPM-Integrated pest managements
M&S- Mark and Spencer
UK-United Kingdom

Table of Contents

CHAPTER ONE	1
INTRODUCTION	1
Background of Study	1
1.2 Statement of the problem	4
1.3 Statement of the Objectives	5
1.3.1 General Objectives.....	6
1.3.2 The specific Objectives:.....	6
1.4 Significance of the Study	6
1.5 Scope of the Study	6
1.6 Organization of the Research Report.....	6
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Historical Development of Corporate social Responsibility (CSR)	8
2.2 Definitions of Corporate Social Responsibility (CSR).....	9
2.3 Triple bottom Line	13
2.3.1 Economic Measures	14
2.3.2 Environmental Measures	15
2.3.3 Social Measures	16
2.4 Why do firms engage in CSR?.....	17
2.5 Challenges for CSR development.....	20
2.6 CSR Communication Practice in the Floriculture.....	21
2.7 Corporate social responsibility (CSR) drivers.	23
2.7.1 Value Chain Analysis	23
2.7.2 Governance	24
2.7.3 Leverage over a Chain	24
2.8 History of floriculture in Ethiopia.....	26
2.8.1 CSR Practice in Ethiopian Floriculture Industry	27
2.9. Roles of Government	30

2.9. 1 Regulatory Framework and National Policies	30
2.9.2 Codes of Practice for Sustainable Agricultures	30
2.9.3 Empowerment of Associations	32
2.9.4 EHPEA Code of Practice for Sustainable Flower Production	32
CHAPTER THREE	35
RESEARCH METHODOLOGY	35
3.1 Research Approach	35
3.2 Research Design.....	36
3.2.1 Case Study Research Design.....	36
3.2.2 Sample and Sampling Techniques	37
3.3 DATA COLLECTION	39
3.3.1 Secondary Data	39
3.3.2 Primary Data	41
3.4 Data Analysis	41
3.5 Reliability.....	41
CHAPTER FOUR.....	42
RESULTS AND DISCUSSION	42
4.1 Results Interpretation	42
4.2 Statistical Analysis of Questionnaire Results	53
CHAPTER FIVE	66
CONCLUSIONS AND RECOMMENDATIONS	66
5.1 Conclusions.....	66
5.2 Recommendations.....	69
BIBLOGRAPHY	71
Appendix I Questionnaire	
Appendix II Interview	
Appendix III List of Farms	

List of Table:-

Table 1. The development of corporate responsibility.....	9
Table 2.2 Benefits of CSR	20
Table 3.1 Number of participants and their involvement in CSR	39
Table 4.1 Demographic data of Respondents.....	43
Table 4.2 Do farms have CSR Programs and how is incorporated.....	45
Table 4.3 CSR Functional department at the organization.....	46
Table 4.4 The way CSR is organized in the company for implementation.....	46
Table 4.5 Stakeholders for CSR programs implementations.....	47
Table 4.6 Motivating factors as motto for CSR.....	48
Table 4.7 Employees benefit offered by the farms	49
Table 4.8 CSR Projects Company assisted to the community.....	49
Table 4.9: CSR programs to adopt environmental impact?	50
Table 4.10: Problems related to development of CSR programs	51
Table 4.11 Main internal driving forces for CSR Implementation.....	51
Table 4.12 Main external driving forces for CSR Implementation.....	52
Table 4.13 Importance stakeholders for implementation of CSR.....	54
Table 4.14 major motivating objectives for implementing of CSR.....	55
Table 4.15 the main challenges for CSR practices.....	56
Table 4.16 Farms CSR Programs practice from Economic, Social and Environmental point of views (Triple bottom line)	57
Table 4.17 Correlations of the three pillars	58

List of Figure:-

Figure 1: Carroll's (1991) CSR Pyramid	11
Figure 2: Triple bottom line	14
Figure 2.2.4 Social Corporate responsibility Driving Forces.....	25
Figure 2.3 Actors in the CSR	26
Figure 3.1 Horticultural production regions In Ethiopia	38

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

It is known that the lion's share of the total export of Ethiopia is dependent on the export of coffee. This practice of exporting of restricted commodities has led to limited growth of the economy. Therefore, in order to address this problem the Ethiopian Government encourages all existing and potential investors to diversify local investments so as to increase export items. Incentive schemes have been introduced by the Government to encourage investment in production for export and the Floriculture sector has been opened for direct foreign investment. It has been over two decades have now gone since Ethiopia started exporting horticultural and floricultural products (fresh produce and cut flowers) to European off – season market and for the past forty years fresh fruits and vegetables have been exported to the Djibouti market.

Cut flower production is now a major part of the Ethiopian economy and has shown considerable potential for Ethiopia in terms of creating employment opportunity and foreign exchange earnings which can be further enhanced by applying the right production technology and provision of support for diversification of marketing outlet destinations. Favorable government investment policy and incentive packages etc. have been the source of attraction for the current growth of both domestic and foreign investors' engagement which has resulted in phenomenal expansion and performance of the industry during the past few years. According to data from EHPEA (Ethiopian Horticultural Exporter Producers Association) and EHDA (Ethiopian Horticulture Development Agency), the sector is the fastest growing agricultural sub-sector in the country and is a major contributor to GDP (HDA 2012). Currently around 120 foreign and domestic investors have already started their construction while 98 of them started production and export their majority products (floriculture, vegetables, fruits & herb) to European market. The total area covered by the horticulture industry is also growing from 40 hectare in 2004/05 to

6,727 from this the floriculture covers about 1,442 hectare at the end of 2011/12. Horticulture export gross earning is growing from 660 thousand USD in 2004/05 to 265.71 million USD at the end of 2011/12 (EHDEA, 2012) and from this the floriculture gross earning is 212.56 Million USD. Contribution of horticulture export to the overall GDP is also increasing from 0.10 per cent in 2004/05 to 12 per cent in 2011/12.

The foreign investors have joined these investment activities from Europe and Middle East. Due to the fact that Ethiopia has a favorable climate, proximity to Europe, comparatively abundant land and labor as well as reasonably good water resources that created ample opportunities for horticulture and floriculture production. The agro-ecological factors of the country give the chances of all-year-round production capability. The existing agro-ecological factors also allow producing a great variety of flower crops. The major flower varieties produced in the country and entered in to export business includes: Roses, gypsophillia, Hypericum, Carnation (Stand, Spray) Carthamus Statice (Yellow, Purple, and White). The environment is also particularly suitable for the production and export of cuttings of ornamental plants and this forms an important part of the ornamentals sector.

The flower industry has some unique characteristics when compared with others agriculture products produced in Ethiopia, one is that flowers are not consumed or not produced for national consumption purpose. It is 100% export oriented industry and on the other side it is highly perishable products .Therefore, the firms should have to think globally to sell their products in competitive manner in generating profit. Since the globalized thinking of business concepts has lead the business world towards a more advanced and well established system of transaction which business organizations are required to provide best quality with environmental friendly and socially responsible products and services.

Today, those companies engaged in such activities are working towards attaining the corporate social responsibility (CSR) of a business which concerned with benefit to all stakeholder groups by incorporating social, economic and environmental practices in to their business strategy. Now a day different developed countries have been developing different codes of conduct and standards in relation to the floriculture industry that encourage, monitor and recognize the

application of CSR. Standards include; Global Gap, ETI, Mark& Spencer field to Fork, Fair trade, etc.

In a situation where there is growing pressure on companies to deliver both shareholder value and social and environmental value, managers focus their attention on maximizing valued-added across the triple bottom line. The triple bottom line focuses on three dimensions of sustainability: economic, environmental, and social. As corporate social responsibility (CSR) is a new phenomenon it is relatively more established in the developed world than that of the developing countries. In addition, it is not common to find a specific form of corporate social responsibility practices in the developing world otherwise it could be seen from business perspectives. At the moment, there is an increasing awareness and concern with the CSR of producer and marketing organizations.

Ethiopia is one of the developing countries where the philosophy of corporate social responsibility is not well developed and also the governance system takes the form of mere control and decision making rather than encouraging development and implementation of a well developed ethical code of conduct. However, currently there are some good starts by some industries like the Ethiopian horticulture Association has been developed its own code practice for its specific horticulture industry. So this paper was focused on how this industry is practicing corporate social responsibility The study paper assessed also the emerging practice of corporate social responsibility in Ethiopia particularly in the floriculture industry and it seen that if there is any linkage with the established standard system in the country in referring to sector.

Therefore, in order to enhance the growth of flower exporting industry and to keep the quality as per the market demand it is necessary to make further study on the whole horticultural industry. But the researcher would like to focus on CSR practice of 53 flower exporting firm's Oromia Special Zone near to Addis Ababa, here under called "Farm".

1.2 Statement of the problem

The development of the agricultural sector largely determines the pace of the economic development of the nation. The performance of the other economic sectors depend upon the results achieved in the agricultural sector, as agriculture provides food energy, foreign income and employment for the most of the rural and urban population. As agriculture is the most important activity in the country, the nation's economic problems originate from the poor performance of this sector, In order to have the possibly of economic growth, strategies like use of modern technological inputs to raise output per unit of input, the diffusion of new technology, the introduction of new agricultural investment opportunities and efficient utilization of existing resources is necessary so as to be food self-sufficient, to increase the export earning capacity and income and employment opportunities through diversifying agriculture.

Even if Ethiopian has a potential of exploitable resources, its economy lies on underdeveloped agriculture. Floriculture industry which is concerned with the propagation of ornamental plants with a specifically focus on cut flowers and cuttings are main resource for country development and with increasing interest of buyers and civil society in Ethiopia on social and environmental performance in the sector,. The flower growers need to prove not only that their products are ethical and sustainable, but also that they have taken the matter seriously and are actively working towards improving the situation on the industry level.

However, the industry is accused of environmental and socio-economic problems. Ecological concerns like high water consumption, application of inorganic fertilizers, pesticides, use of air freight and waste disposal are the major ones. In addition, socio-economically the floriculture sector internationally has often attracted poor publicity and problems relating to health problem as a result of exposure to toxic chemicals, the right to form a union and bargain on their working condition is widely reported. Moreover in Ethiopia land for flower production farms has been made available by the Government and in some cases this has created localized land holding problems.

Therefore, the paper was mainly designed to answers to these problems from Corporate Social Responsibility (CSR) point of view through the main research question.

“How is Corporate Social Responsibility (CSR) practiced in the Ethiopian Floriculture Industry?”

Research Question

Accordingly, the study revolves around seeking possible answers to the following sub basic research questions that is derived from the above basic research question:

- How do the companies practice CSR programs and what is Corporate Social Responsibility (CSR) activities involved?
- What are the challenges that exporting firms face in exercising their Corporate Social Responsibility (CSR)?
- What are the aims or external and internal driving forces play their part in the performance of flower firms in respect of Corporate Social Responsibility (CSR)?
- How does farm CSR activities in relation to international Codes and CSR to contribute to the firm’s international market competitiveness?
- How does the support from stakeholders for farms CSR programs ination and implementation?

1.3 Statement of the Objectives

1.3.1 General Objectives

The general objective of this study is confined to examine the business practice of the Ethiopian floriculture industry from corporate social responsibility perspectives within the organizations as well as to the community including how environmental protection is proceed and what system is employed in the industry to assist the practice of CSR.

1.3.2 The specific Objectives:

- To assess floriculture industries corporate social responsibility (CSR) practices.
- To describe to what respect the external and internal environmental factors affect or assist the performance of these firms CSR.
- To examine the firms benefits, problems and challenges in practicing the CSR.
- To study the network of relationships among firms stakeholders in practicing CSR
- To assess the benefits the firms acquired while implementing the CSR.
- To assess the contribution of the Government, NGO, Association, and other parties involved for firms CSR.

1.4 Significance of the Study

The study have an important in taking up CSR in a step further than previous studies by exploring what role CSR plays in Horticulture industry, Creating awareness and what influences on managerial actions, environmental conditions and the society at large.

1.5 Scope of the Study

Due to time, distance and the related cost the study was not research deep insight like by approaching each and every flower companies and their employees and the community leaving around the farm area. The study was limited only to focus flower growers of 53 farms near Addis Ababa in Oromia special Zone. On the other hand this is the area where most of farms are occupied and started operations somewhat long time as compared to other locations.

1.6 Organization of the Research Report

The study have five chapters, with descriptive research approach in which after the empirical data is studied, the problems with the respective research questions was defined and finally with descriptive research strategy findings based on the problem from the related Literature draw so as to answer the research question.

Accordingly, the thesis starts with a short description in its introduction. The first chapter introduces and defines the research problems and research questions including the purpose, significant, and scope of the study and this section, Chapter two describe theoretical Review of Related Literature, Chapter three describes the research methodology used in conducting the research, Chapter four present the result and discussion of study that contains data that are going to be studied to find answer to the research questions, and finally Chapter five contain the conclusion and the recommendation

CHAPTER TWO

LITERATURE REVIEW

The literature review begins with the introduction of the current academic context of corporate Social responsibility and continues with presenting what CSR can be considered to be within companies. The aim of the chapter is to show the variety of perspectives and opinions found in the literature, and to show the standpoint and specific focus of this study. In addition it includes empirical data of the study area.

2.1 Historical Development of Corporate social Responsibility (CSR)

Academics argue that the roots of the CR discussion date back to years before the 20th century. Epstein (2007) points out that the idea of corporate responsibility from the ethics point of view is already quite old; Western and Eastern philosophy and religious traditions have pondered the question of what is considered to be ethical behavior for an individual in the economic context. But several researchers for example Carroll (2008), argue that the Industrial Revolution of the late 1800s was the starting point for CR, because that was the transformation in the economy that brought about the organizational form of doing business. The first large-scale business organizations were established and these multinational enterprises (MNEs) have since then become major actors not only economically but socially, culturally and politically as well (Epstein 2007).

These changes made CRS even more popular as a research topic in the 1990s and the 2000s (Halme & Laurila (2009), Blowfield & Murray (2008)). Waddock (2008) points out that in the past five years the amount of academic articles discussing some aspect of corporate responsibility has grown exponentially. The relationship between CR and the firm's financial performance started to attract attention and at the same time businesses have started integrating CR fully to their strategic management (Carroll 2008). Table 1 below describes one take of the development of corporate responsibility.

Table 1. The development of corporate responsibility

	1930	1940	1950	1960	1970	1980	1990	2000
First corporate responsibility texts	■							
New Deal and welfare state	■	■						
Nationalization		■	■					
Return of business and society debate				■				
Shift from responsibility of leaders to responsibility of companies					■			
Debate about the nature of responsibilities					■	■		
Introduction of stakeholder theory						■		
Corporate responsibility as management practice					■	■		
Environmental management							■	
Corporate social performance							■	
Stakeholder partnerships							■	■
Business and poverty								■
Sustainability								■

Source: The rhetoric and reality of good company's, Epstein 2007

2.2 Definitions of Corporate Social Responsibility (CSR)

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

According to Dobers (2009), the most often used definition of corporate responsibility, written originally by the Commission of the European Communities in 2001, is: “a concept whereby companies integrate social and environmental concerns in their business operations and in their

interaction with their stakeholders on a voluntary basis”. Another often used definition with a bit different approach is from the World Business Council for Sustainable Development (1999) as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”. Also the definitions given by the WBCSD and EU Commissions in 2006 have been used (Fougère & Solitander 2009).

The perspective taken in this paper is that Ellington’s (1997), triple-bottom-line“ of CSR – social, environmental and economic responsibility – is the most convenient categorization. This is because from the Nordic perspective, complying with legislation is not a sign of being particularly responsible – it is something that is expected of all organizations. Also, the discretionary responsibility of giving donations to other organizations is not understood as an activity that needs to be exercised to be considered responsible in this paper. A responsible company from the viewpoint of this paper takes care of its own impact on the society, and does not attempt to mitigate its negative impacts by donating money to a charity devoted to something completely.

There are several definitions of CSR and it is quite difficult to have an agreed definition that clearly reveals the concept of corporate social responsibility. For the purpose of this paper, it is better to look at definitions of CSR that will help us to analyze the problem statement. This section overviews some literatures about CSR and provides some key concepts in this area. How CSR is defined and concepts under the context of economic, social and environmental perspective of CSR are assessed.

In 1979, Carroll proposed a model of CSR that distinguished economic, legal, ethical, and philanthropic responsibilities for business. In 1991, Carroll organised these four components running parallel with the classical economic thinking of Adam Smith and consistent with Friedman’s (1970) view, Carroll (1979) expressed economic responsibilities, such as being profitable, creating new products and services, and creating jobs, as the “first and foremost social responsibility of business” (Carroll, 1979, p. 500). Legal responsibilities form the second part of Carroll’s (1979) conceptualization. Compliance with legal requirements is deemed necessary as laws and regulations are a reflection of norms or rules established in society (Sachs et al, 2005; Carroll, 1979). As such, businesses are expected to operate within the existing legal framework

and to play by the ‘rules of the game’ (Jamali and Mirshak, 2007). The third category is ethical responsibilities. This part of the model concerns the philosophy, mode, or strategy driving the response to social issues (Carroll, 1979). Key to this category is the notion that businesses should follow established moral standards set by society (Maignan and Ferrell, 2001). Lastly, Carroll (1979) considered discretionary responsibilities. Notoriously troublesome to define, these responsibilities are voluntary and guided by a desire to contribute to the improvement of society in ways which have not already been discussed, such as philanthropic contributions or the provision of training opportunities for the unemployed (Carroll, 1991).

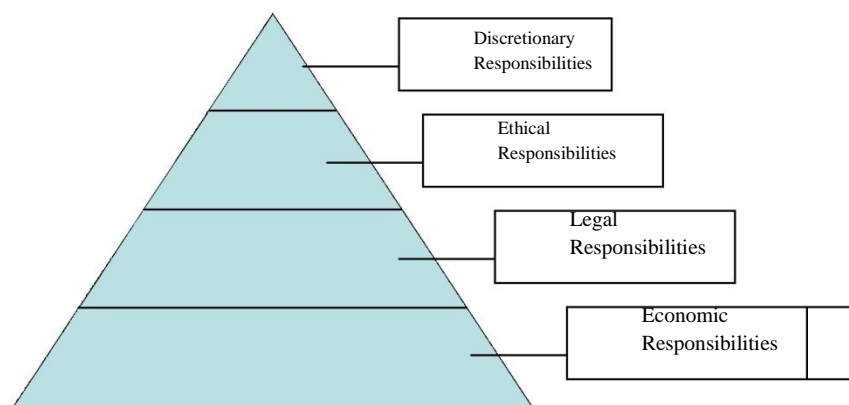


Figure 1: Carroll’s (1991) CSR Pyramid

Although Carroll’s (1979) model delineates those responsibilities required, expected, and desired by society, Wood (1991) contends that it does not sufficiently explain the factors motivating businesses to be socially responsible. Wood (1991) articulates that Carroll’s (1979) categories “can be viewed as domains within which principles are enacted, but not as principles themselves” (Wood, 1991, p. 695). Consequently, the principles driving CSR require more attention.

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

ISO 26000 contains the following elements:

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

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

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

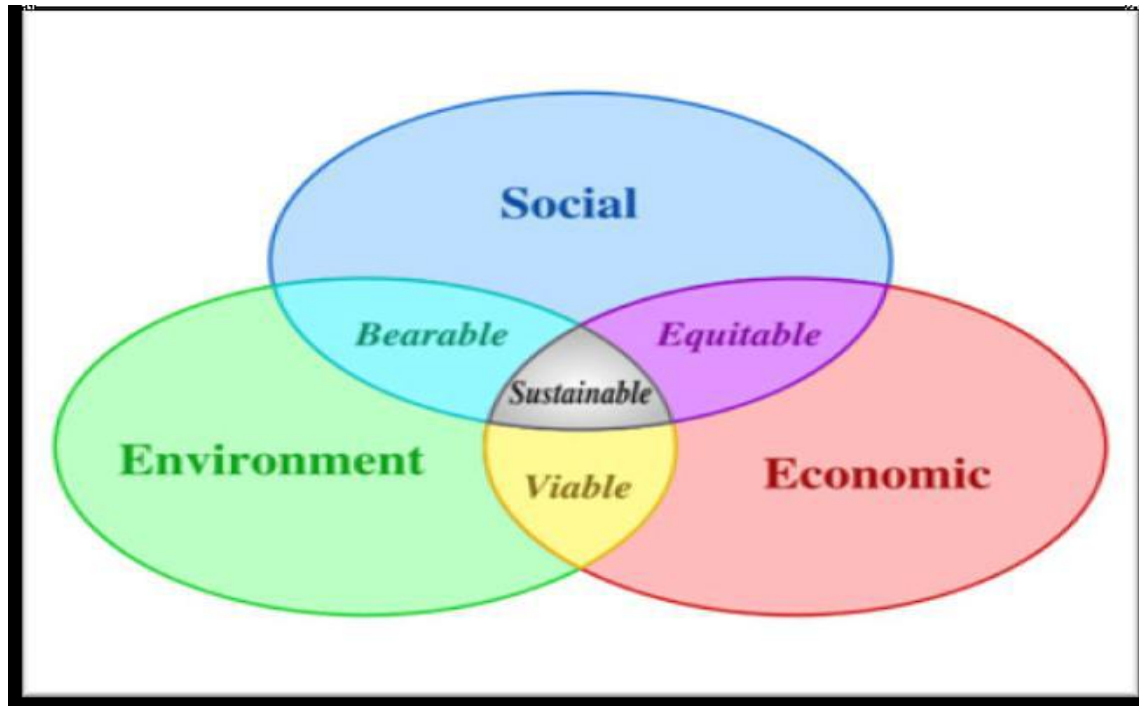
Based on the above definitions CSR has developed as common was expressing a concepts of business concerns such as environmental protection, workers right, consumers and suppliers protection and its behavior on social issues like health, safety under the consideration of profit making .This paper theoretical frame work mainly focuses around on triple bottom line which is

a powerful way to grasp the industries CSR practice and measure its success in terms of economy, environment and the society.

2.3 Triple bottom Line

This concept explained how it can be useful for business, policy makers and economic development practitioners as base for formulating corporate social responsibility theories. TBL is an accounting framework that incorporates three dimensions of performance: social, environmental and economic. This differs from traditional reporting frameworks as it incorporates environmental and social measures that can be difficult to assign appropriate means of measurement. The triple bottom line is made up of "social, and environmental". (Mothy 2011). Using this three pillars today companies prefer to use their sustainability framework under this approach. According to (John) most companies report uses the triple bottom line performance measurement. However there are most important key elements of CSR drivers but the most important business competitiveness is to incorporate a triple bottom line effect into their corporate practice, it becomes as one of a framework for accounting and reporting. (William 2010) In a situation where there is growing pressure on companies to deliver both shareholder value and social and environmental value, managers focus their attention on maximizing valued-added across the triple bottom line. The triple bottom line focuses on three dimensions of sustainability: economic, environmental, and social. Still companies have difficulties to define their sustainability accounting measure. According to William, today's challenge for companies to come up with accountability for sustainability development is to combine and report the financial, social, environmental and use this ethical accounting reporting for decision making for future sustainability development. It is very difficult to talk about CSR without looking at triple bottom line thinking (that is interactive thinking taking into consideration social, environmental and economic factors). These three indicators of CSR are shown in figure: 1 below and these three traditional sustainability measures, examined through academic dialogue, are presented below

Figure 2: Triple bottom line



Source: Indstate.edu (2010)1

2.3.1 Economic Measures

Economic sustainability deals with an economic growth of an organization should be increased in overtime and this profit should be earned without the impact of environmental degradation or from negative social impact (Rogers et al 2008).It is related to enhancing the living standard of citizens through increasing of income, giving education, health care, job creation and so on and on the other hand it is directly associated with an economic growth at the aggregate. Studies and company experience reveals that there is a clear positive relationship between CSR practice and their economic performance and others vice versa. However, current researchers acknowledge that positive financial performance is gained by attainment of a high level of CSR practice. Economic variables ought to be variables that deal with the bottom line and the flow of money. It could look at income or expenditures, taxes, business climate factors, employment, and business diversity factors. Specific examples include: Personal income, Cost of underemployment, Establishment churn, Establishment sizes, Job growth, Employment distribution by sector, percentage of firms in each sector and Revenue by sector contributing to gross state product (Mothy 2011). Although main emphasis is on financial performance, this often refers not only to

profit but to the philosophies behind a company's strategy or behavior, the sustainability of its businesses and its 'human capital'.

2.3.2 Environmental Measures

The term environment has different definition and scope around the world, some countries put in a very limited way and others give a broader and holistic understanding (William 2010). This implied that each country has its own regulation on environment based on its context. Environmental sustainability includes safeguarding of species on the earth. Environmental variables associated with natural resources consumption and degradation, gives potential influences to its viability. Some examples include: Sulfur dioxide concentration, Concentration of nitrogen oxide, selected priority pollutants, Excessive nutrient, Electricity consumption, Fossil fuel consumption, Solid waste management and Hazardous waste management Change in land use/land cover (Mothy 2011). The impact of its products or operations on the environment, plus the nature of its emissions and waste and how it is dealing with them.

All mankind is involved with the environment. Everybody has used a lot of natural resources in the whole life. Unfortunately, nowadays our environment is destroyed by people or corporations that might not care about it of which there are many impacts on our planet such as increasing pollution around the world, wastes water, climate change etc because we don't care about the environment enough.

There are two main things of significant natural capitals reformative or replacing natural resources. Firstly, it is necessary for the reservation of life and ecosystem balance. Secondly, it can renovate or replace natural resources such as solar cells in order to limit fuels (Elkington .J 1997, p. 79). From many countries, there are regulations to companies for their environmental performances (Elkington .J 1997, p 80). In order to protect the environment or ecosystem, we have to protect the environment by reducing the use of natural resources because some resources can renew again by using technological replacement such as using wind energy to produce electricity or recycle products and also can reduce companies cost as well. Moreover we have to protect environment at the same time by treating waste processes before sending to the

environment (to main our earth). All of the above show that, in maintaining the environment it is important that all parties have to realize it. It's not only you and me but also everybody in our world.

2.3.3 Social Measures

Social sustainability deals with a non-market entities or social aspect of an activity that is deals with outside of market framework. Societies can influence the CSR activity of business through their right as a consumer, and business in turn can influence societies through practices of a high level of CSR activity. (Rogers et al 2008).This third dimension of sustainability is becomes a more significant since in this globalized world, people needs to be participated in a critical decisions that might concerns them either by themselves or by representative(External Agency).Social variables refer to social dimensions of a community or of life, and social capital. Some examples include; Unemployment rate, Female labor force participation rate, Median household income, Relative poverty, Percentage of population with a post-secondary degree or certificate, Average commute time, and Violent crimes per capita Health-adjusted life expectancy (Mothy, 2011).Social development is one of the important parts in triple bottom line. It might be affected to economics and environment too. Social capital is trust of people in society which some parts can measure people „ability to work together in organization. These capabilities have importance to develop sustainability in every status of society (Elkington .J 1997, p 85). Social accounting focuses on evaluating people who have impacted to the corporation. The area covers training, community relations, product safety, employment, education, donation and so on (Elkington .J 199, p 87-88).

For organizations, they have to be responsible communities both inside and outside because it has impact to developing companies by providing good environmental workplace, training skills, welfare, and human right. For outside organizations, it should make good relationships with society by creating activities to support or help society such as donating money into communication or improving society to become better life etc. These companies will receive good feedback from communication and all employees to corporate sustainable development.

2.4 Why do firms engage in CSR?

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

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

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

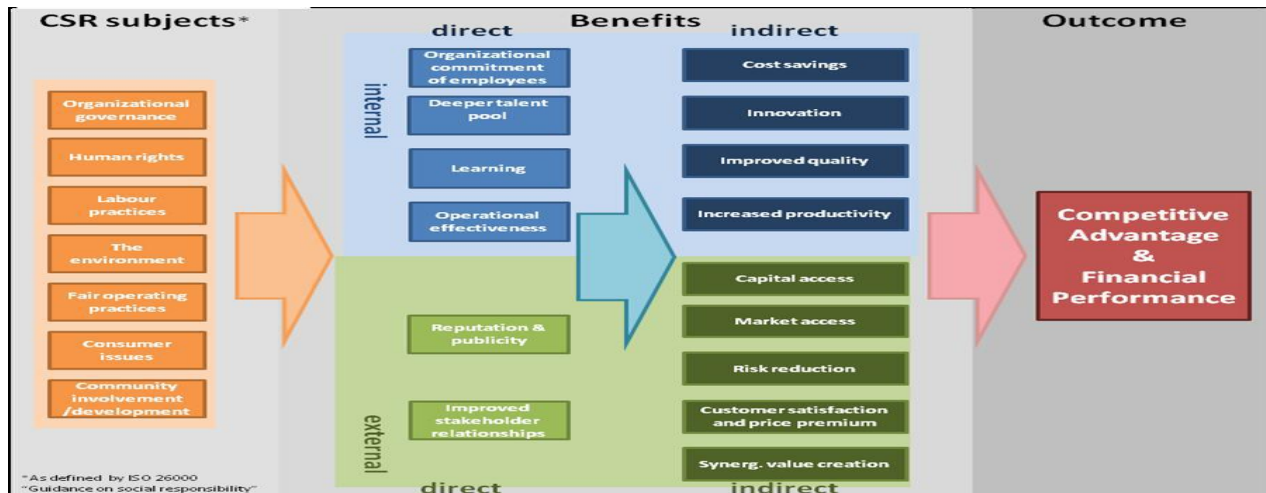
their current position in relation to their various interests. Stakeholder dialogue is crucial for one organization in terms of exchange of views on values of stakeholders even if there is some information that is going to be blocked by an organization for business strategic purpose. Therefore, this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

We believe in CSR because it is a proposition aligned with our values, but also because it makes business sense. As (Ronald, 2006) point out that our commercial partners expect from us sound environmental and social practices. We get and understand the message and are actively promoting CSR among associates. We want to be recognized as a responsible industry, adding value to our products.”.CSR creates benefits internally and for external stakeholders. Generally speaking, it is difficult to monetize benefits of CSR, as many benefits only get visible in the long run and are indirectly induced by positive changes through CSR. This analysis will differentiate between direct and indirect, internal and external benefits. CSR activities create direct effects on processes, governance and stakeholder relations of companies and these immediate changes again lead to indirect positive effects. Understanding the causal relationship between direct and indirect benefits from CSR helps us to trace improvements in competitiveness and financial performance of companies implementing CSR.. Some of justifications for CSR are;

Better anticipation and management of an ever-expanding spectrum of risk, effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can

improve the security of supply and overall market stability. Considering the interests of parties concerned about farm's impact is one way of better anticipating and managing Risk. Enhanced brand image and reputation: Organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for firms that do not have direct retail exposure through brands, their reputation for addressing CSR issues as a supply chain partner— both good and bad—can be crucial commercially. A good reputation is vital for a successful company to have a strong positive brand image. Trust and a good reputation are some of your company's most valuable assets. In fact, without these, you wouldn't even have a business. You can nurture these important assets by being socially responsible, improved innovation, competitiveness and market positioning, increased productivity and sales ,improved relations with regulators ,access to capital ,attraction and retention of employees ,and a catalyst for responsible consumption. Changing unsustainable patterns of consumption is widely seen as an important driver to achieving sustainable development. Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them. "Responsible consumerism" is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers and summarized in the below Table2.2

Table 2.2 Potential benefits of implementing a CSR approach



Source; *Sprinkle* and *Maines* at <http://www.cdproject.net>

2.5 Challenges for CSR development

The obstacles, or barriers, for CSR development in the article by (Laudal, 2005) include the cost/benefit ratio, and the internal and external control. The first barrier, the cost/benefit ratio, is when companies do not possess the financial resources for CSR development, or when there are trade-offs between profit and ethical choices and actions. According to an article by Doane the outcome usually is that maximization of profit. Further, the purpose of modern corporations is to create financial wealth to its shareholders. At the same time, consumer and other stakeholders also influence corporate policies, through demanding products made by companies who consider, or do not consider, CSR. The barrier of external control means that a company is unable to monitor the market environment, or does not have the proper knowledge for integrating CSR, while the internal control barrier means that there is an absence of strong leadership and management within the company to integrate CSR.

According to an article by Newell from 2005, there is also not enough checks and balances in the operation of companies when it comes to the several CSR approaches that exist. For example, the “tools and strategies used to hold companies to account to such positive effect in Europe and North America by Northern-based NGOs and trades unions are not available to poorer and less well-mobilized communities”. One solution would be to have a third party which would verify

standards and codes of conduct. Carroll also suggests that companies should “develop both global corporate codes of conduct and subscribe to global codes that have been developed by independent international bodies”, as the UN Global Compact and OECD Guidelines for Multinational Enterprises, and integrating ethical principles into strategies and the decision-making of the company. On the other hand, Moskowitz claims that even though companies state that they integrate CSR into their business, company’s CSR are historically in 95% of the cases only rhetorical, while only 5% consist of actions towards CSR development and improvement. Costs can be separated into opportunity costs, sunk costs and recurrent costs. Opportunity costs include any activity that could not have been undertaken due to capital and labour being bound to the CSR activity, which might result in lost revenues (Sprinkle & Maines, 2010).

The costs of doing CSR vary depending on the CSR subject. Generally speaking, environment-related CSR activities mainly cause costs in terms of capital (e.g. new equipment, improvement of energy use etc.) and minor recurrent costs (such as equipment update and maintenance). In contrast, recurrent costs of CSR activities aimed at improving social aspects of business operations often exceed capital costs. In addition to costs for the actual CSR implementation, showing credible proof of good CSR performance to consumers or trade partners through auditing and certification based on buyer companies` codes of conduct or internationally recognized voluntary sustainability standards can also incur considerable costs on suppliers or export-oriented Companies. The costs for certification and auditing are highly variable, depending on, inter alia, the physical size of the facility, the number of employees, and the type of certification or audit.

2.6 CSR Communication Practice in the Floriculture

Over the past 10-15 years, the advantage for growing low-priced mass-produced cut flowers has gradually shifted away from the OECD region to Colombia, Kenya and other developing countries with favorable growing climate and low production costs. Meanwhile, consumption remains concentrated in Western Europe, North America and Japan. In these markets, the flower industries of Colombia and other developing-country producers has received some negative publicity in recent years, as labour unions, environmental groups and other NGOs have raised a

number of issues linked to conditions of production on developing-country flower farms, such as dismal working conditions or unsafe use of pesticides and other toxic substances.

In general, information schemes used in the market for cut flowers are dominated by buyer or sector oral codes of conduct governing social and or environmental performance and labels or symbols that attest certification based on these codes. Many important schemes (*e.g.* Milieu Programma Sierteelt, Florverde label in Colombia, Sello Verde in Ecuador) are geared towards facilitating *business-to-business transactions* along supply chains. Trading relationships in the cut flower market, and notably participation in the supermarket chain, increasingly require that thousands of flower growers in developing countries adopt suppliers' codes of conduct.

Although the situation seems to be changing, label programmes that tell final consumers whether the farms that grow flowers respect minimal environmental and labour conditions are still relatively rare. Major initiatives are mostly in the European market (including Fair Trade Certified, the German Flower Label Programme, Fair Flowers and Plants (FFP)). It is only very recently that cut flowers have found their way into the Fair Trade Certified scheme and so far they are being sold only in a few European countries (UK, Switzerland, Belgium, and Norway). In North America and elsewhere certification and labeling schemes have not really taken hold (exceptions include *e.g.* the Sierra Eco label in Canada).

With rare exceptions (*e.g.* Dole Food Company Inc.), corporate reporting providing information about floricultural production conditions is not a standard practice of large retailers or supermarkets. Similarly, consumers consulting guides on consumer goods will seldom come across CSR information for cut flowers. The consumer-oriented informational websites on floriculture also do not usually mention flower certification labels or CSR in the flower industry. For the curious shopper, this makes the websites, electronic newsletters etc. of civil society groups engaged in this industry perhaps the most readily accessible source of information of a news-like or educational type. (*e.g.* Flower Coordination Switzerland, Fair trade Foundation in UK, International Labour Rights Fund (ILRF) in the USA)

While it is common for flower producers, individually or via professional associations, to seek to increase their visibility and cultivate a consistent positive product image through advertising campaigns and promotional activities, CSR issues usually are not addressed and it is virtually impossible for a consumer to trace flowers carried by his or her florist shop back to a specific flower grower. A few online shops specialize in selling certified cut flowers, but research revealed that none of several large wire or web-based flower order services based in the OECD region advertises that they carry certified products. Only in the relatively new but growing niche market of *organically grown flowers* is the industry of some OECD countries visibly engaged in creating public awareness, educating consumers and positioning company brands. Also, flowers that are grown organically are eligible for inclusion in some of the existing voluntary organic label programmes certifying agricultural produce. New labels are emerging in this market niche, a development which is not confined to Europe but is taking hold also in the cut flower trade in North America.

2. 7 Corporate social responsibility (CSR) drivers.

According to the study made by (Mirvins and Googins), One company is generally not at only one stage of CSR (corporate citizenship), instead companies are “ahead in some dimensions and behind in others” In this section of the study use the value chain analysis, leverage in the chain and the related distribution, as the main drivers of the adoption of CSR in the floriculture

2. 7.1 Value Chain Analysis

Value chain analysis defines a business process from inception till consumption and disposal or recycling of product and services (Kaplinksy & Morris 2001). It is about the way of markets orientation, the parties involved in the value chain and the respective governance in the system. (Tallontire & Greenhalgh 2005)

The recent phenomenon called Global Value Chain (GVC) is developed by Gary Gereffi 1990's with the intention of developing and distribution of value between parties involved in the trading system and with focus on the power relations involved in value chain analysis. Accordingly GVC demonstrates the way linked production, distribution and consumption systems are interconnected within the value chain which determines the dominant behavior of parties

involved that result in control of the character of the chain and coordinating interaction between the links that entails the role of governance. (Tallontire & Greenhalgh 2005, Kaplinsky & Morris 2001) .GVCs to be the mechanisms through which developing countries engage in trade with developed then we can better understand the mechanisms through which value addition occurs both at and across nodes of production.

2.7.2 Governance

The global value chain is concerned with the governance which is useful for the analysis of CSR and codes. “Chain governance is concerned with the rules of the chain, how they are made and enforced and ultimately who drives the chain and how the benefits of trade are distributed along the chain.” (Tallontire and Greenhalgh 2005)The two major types of governance in GVC are ‘producer-driven’ and ‘buyer driven’ (Gereffi 1994). In a producer-driven value chain large manufacturer has a major role in coordinating production network (including their backward and forward linkage), where as buyer-driven value chains involves large retailers, marketers and branded manufacturers plays a pivotal roles in setting up decentralized production network in a variety of exporting countries, typically located in developing countries. (Gereffi & Memedovic 2003) GVC has more recently been applied to agricultural commodities and in the case of cut flower industry the value chain involves market channel controlled by supermarket buyers and the Dutch Market Auction outlet. The supermarket chain ensures buyers control through adoption of social code requirement than the auction which is relatively loose one. (Tallontire and Greenhalgh 2005)

2.7.3 Leverage over a Chain

It is concerned about the power or influence over a chain in which the different characteristics of a chain affect the leverage a buyer may have over a chain. The leverage of buyer tends to be higher in short chains, highly integrated chains, when a small number of retailers account for large proportion of sales, if buyers have long term trading agreements with intermediaries or growers and the like. (Tallontire and Greenhalgh 2005)

There are also other driving forces for practicing of CSR and the main other driving forces for corporate responsibility are investor and consumer demands and governmental and public pressures as shown in the below figure 2.2.24

Figure 2.2.4 Social Corporate responsibility Driving Forces



Source: Dr P Katsoulakos, www.csrquest.net and www.4cr.org

Governments are tightening corporate governance and sectoral compulsory standards making self-regulation an appealing option for most businesses. The loss of public confidence in the corporate world drives the markets down and therefore has a significant impact on the value and growth potential for many companies. As a consequence, public expectations on corporate integrity and ethical operations are particularly important drivers for corporate responsibility. Consumers are increasingly exercising their green buying power exerting pressure on companies to address their environment impact and to invest in 'environmentally friendly products'. The Code of Practice for Transnational Corporations initiated by the UN in the early 1970's, in collaboration with many organisations including Consumer International, defined what consumers expect from businesses in terms of ethics, product standards, competition, marketing and disclosure of information. Finally the growth of a strong Socially Responsible Investment movement gives distinct advantages to companies performing well on sustainability criteria and therefore provides a key driving force for improved corporate responsibility practices.

According (Aamir Sohail, Kashif Shahzad , Ishtiaq Ahmad Din,2008) also explained as more and more corporations realize that CSR is not only right but that it also develops a good sense of business. There are four forces that drive the corporate social responsibility i.e Government, civil society, consumer and the workplace.

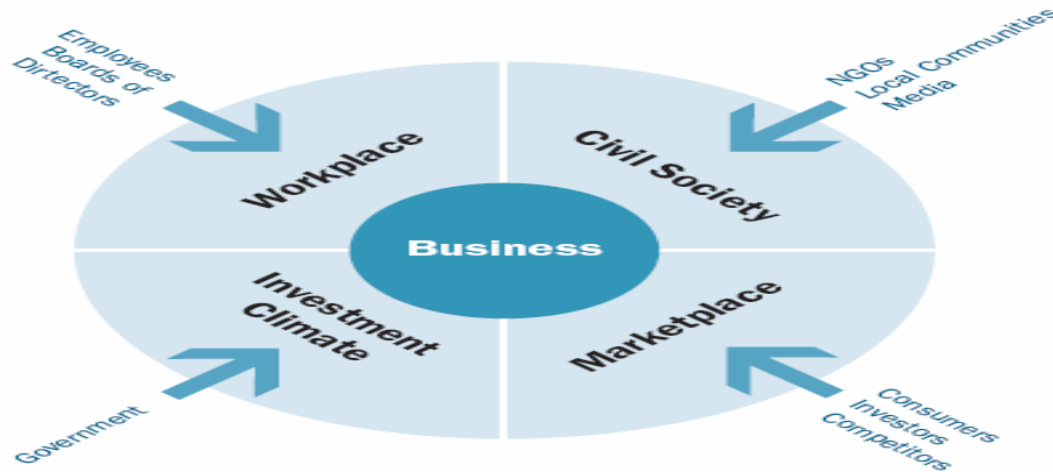


Figure 2.3 Actors in the CSR

Source: Department for International Development and CSR

2.8 History of floriculture in Ethiopia

The origin of the industry in Ethiopia can be traced back to the thirty years ago. When summer flowers for export were grown on state farms (Melese & Helmsing, 2010). Ethio flora, a state owned flower farm began exporting seasonal flowers to Europe. The type of flower was only summer flower. (Embassy of Japan2008) Under the new economic reform two Ethiopian firms, private owned Meskel flower and Ethioflora started their operation on 1997 with a few hectares of land. However, they faced some difficulties because of insufficient experience and knowledge about the business and moreover, governmental support was so minimal in supplying suitable land, financing and transporting of flowers to the market. A turning point for flower industry development is arrival of Golden Rose in 1999 from UK and showed Ethiopia's potential to grow quality roses. Since then, foreign direct investment has increased rapidly, especially from The Netherlands. (Melese & Helmsing 2010)

According to Ato Tsegaye Abebe the former chairman of EHPEA said that within the span of less than a decade, Ethiopia emerged as a global player in the cut flowers business ranking second in Africa. With a good mix of incentives and active facilitation, the Government of Ethiopia took a non-existing flower sector and developed it into a USD \$212.56 million export sector with more than 50,484 jobs created. This was possible because Ethiopia enjoys an inherent comparative and competitive advantage in the production and delivery of flowers. While Ethiopia's agro-climatic and altitude variety give it vast advantages in growing a wide variety of fruits and vegetables, its location affords it fast and cheaper transport and delivery potential. The country is now determined to repeat the flower miracle, this time to develop a robust export oriented fruits and vegetables sector. (EHPEA et fresh magazine, 2012). Today the total amount of land used for flower production has gone from the few hectares to 6,727 hectare at the end of 2011/12 from this the floriculture covers about 1,442 hectares at present. Moreover, the numbers of farms increased to more than 120 actively exporting companies. (Annual bulletin of EHDA 2012)

2.8.1 CSR Practice in Ethiopian Floriculture Industry

Since the industry is at its infancy stage and the government as well as optimistic society of the country were very pleased at the beginning observing that it will increase the nation's foreign exchange problem and give a work opportunity of many jobless society. However many Ethiopian environmental activists still argue that environmental policies or standards, labor regulations are not implemented by many companies within the industry as per the standards provided by the government. This concern are related to labor right (working condition) and environmental issue like applying of too much inorganic fertilizers, chemicals especially pesticides that can harm the workers and environment. (Belwal & Chala 2008).

This section tries to see the CSR aspect with relate to three dimensions: Economy, environment and society. The economic dimension includes issues such as wealth creation. Society refers to the social impacts of the industry including employee issues, health, job creation, safety and land grabbing issues. The environmental dimension considers ecological factors and their impact.

2.8.1.1 Social Sustainability

I) Job opportunity for local labor

The industry is showing a growing trend in the past 10 years and its related labor force is increasing from time to time. Currently, the industry gives for more than 50,000 employment opportunities directly and 135,000 employees indirectly, of which 70% of the total work force are women, who had difficulties previously in possessing permanent jobs within the country and jobs are created around rural areas where there is a high rate of unemployment. Basically, the total labor composition can be divided into three major groups: managerial, technical, and manual. The labor part is provided by the local work force and the capital-intensive or high-skilled part is filled by imported skilled laborers that have a high expertise in the field. These combinations give the local work force the opportunity to gain experience and knowledge while working with a new technology and experienced workers. (Taylor 2010), (EHDA, 2012)

In addition, labor issues are growing over time in the industry. Laborers express concern about their health because of chemicals and report denial of freedom to exercise their rights relating to freedom of Association. Basically, most field workers in the flower farms are uninformed about the harm of the chemicals. People who reside around the farms' location, or who gave their farm lands to the new flower investors are also concerned about the effect of flower farm activities on the future fertility of their land. Their knowledge level of how far these chemicals damage their land and health is also very low. (Ethiopia flower exports 2010)

2.8.1.2 Environmental sustainability

Environmental sustainability means a sensible use of our huge (but finite) natural resources so that they are not dissipated negligently, thus degrading the quality of life for future generations (Andrew & Karl 2006). Problems related to air and water pollution, soil erosion, water scarcity, deforestation are becoming one of the main reasons for adverse impact on the environment. Here are the main environmental impacts of the Ethiopian cut flower. One of the major features of a flower farm is that it consumes a high amount of water. Water is a central component of Earth's ecosystems, providing important controls on the weather and climate and it should be given a high consideration for conservation.

Another negative aspect of the flower industry is the application of excessive inorganic chemicals. These chemicals are very dangerous for human health and as well as for the environment. (afrogadda 2010). *Pesticides* are another threat for environmental sustainability. It has a capacity of contaminating organisms, soil & water and having a negative impact on biodiversity. Due to its highly volatility nature , is estimated that only 0.1 percent of the total applied pesticide attain its intended goal but the rest 99.9 percent leaves as an air pollutant.(Getu 2009)

Most farms are accused by the local peoples that wastes disposal system is so irresponsibly. e.g. an agronomist from one flower farm give a statement to a newspaper that empty used pesticide and fertilizer containers are buried underground without neither sealed nor lined space which is completely far from governmental procedure. (Ethiopian flower export2010) However, actually this is common for all industries in Ethiopia due to absences of acceptable method foe waste collection , treatment and disposal

In addition to this the floriculture industry is facing a new global pressure from environmentalists arguing that all that transportation means (Ships, trucks, planes) that uses fossil fuels during the process of delivering cut flowers from farms to customer hands emits a considerable amount of CO₂ that will result in both air and water pollution. Recently consumers are much concerned on ‘food miles’, which is a term used for assessing its environmental impact of a product from the time of its production up to it reaches consumers hand. The total amount of carbon emitted from flower production is estimated between 7.7 and 8.9 kg per kilogram sold flowers. The transport by plane is responsible for the main part of emissions, but from the total amount of emission some other means are contributing for the cause like the production itself and of the required materials as well as through the transport of employees from and to the farms. (Flora Culture International 2010)

2.8.1.3 Economical sustainability

Almost all African countries based their economy on exporting of agricultural products. Many of them often relay largely on a single agricultural products (such as coffee, cocoa, cotton, tea) for generating foreign exchange revenue. Coffee which has the lion share of export commodities in

Ethiopia have shown currently a slow world demand and downward trend of in its real price. As a result, a need for diversification of agricultural exports into a higher value, non-traditional products after taking a lesson from other sub Sahara region countries like Kenya, Tanzania and others which have shifted their attentions into exporting nontraditional horticultural product (such as, cut flowers and plants, fresh and processed fruits and vegetables).

Floriculture in a new product to export and contain a huge potential to earn foreign exchange, the quality of flower which is exported by Ethiopia is currently meet with respect of the international market demand .It attracts several buyers around Europe and USA, getting utmost consideration for exports presently in Ethiopia and one of the prospect product that is going take the position of coffee which is the major source of foreign exchange. According to Ethiopian horticulture producers and export association data in each year there is an increase of 25% up to 30% in terms of total earning.

2.9. Roles of Government

2.9.1 Regulatory Framework and National Policies

Due to the nature of the horticulture the government established its own government body to follow up and manage the through the Ethiopian Horticulture Development Agency (EHDA) .EHDA is an autonomous Federal Government Institution established by the Council of Ministers Regulation No 152/2008. The Agency is headed by a Director General appointed by the Government. The major objective of the Agency is to ensure the fast and sustainable growth of the export industry by providing support in the area of three pillars of development, i.e., capacity building, investment and market promotion.

2.9.2 Codes of Practice for Sustainable Agricultures

“A sustainable agriculture is an environmentally friendly agricultural practice that involves the use of the limited natural resources to satisfy the present generation without compromising the interest of the future generations where water, soil and the biodiversity are the major objects of production that should be wisely utilized.” (MoARD, 2010). In order to minimize environmental

pollutions each party that is working on agricultural business should take measure on its own through environmental impact assessment of their business activities and by developing action plan to overcome the problem. In dealing with the situation the Ministry of Agriculture and Rural Development (MoARD) insist on application of Environmental Management System (EMS) by different parties who are involved in agricultural investments in the country to improve compliance, for pollution prevention and other measures of environmental performances. (MoARD 2010)

I) Management of social affairs

The minimum level of the code includes the requirements and compliances for community participation, working environment, employment practice, occupational rights, and health and safety of employees. The code requires that the community should be acknowledged about the investment project for a better sustainable investment. In addition to this in cooperation with the society objects and places which have historical values should be protected against any damage due to investment practice. Health and safety of employees is also one aspect of the code in which it requires employees' health follow up should be made by establishing permanent medical clinic and directives to manage basic accidents and emergency cases should be made. Beside, hygiene and ablution should be fulfilled. (EHPEA code, 2012)

II) Agricultural production management

The code sets the minimum requirements for management of agricultural production process which involves storage and transportations of fertilizers and pesticides, waste management, water use, farm site mapping and risk assessments, and crops hygiene and agro-chemical registers. Generally speaking the code requires a cautionary usage of pesticides and fertilizers in storing and transportation and needs to apply the rules and regulations under such official registration and permit from the government. Moreover, non-organic wastes should be managed to avoid environmental pollution and also untreated sewage water should not be used for postharvest and irrigation water should annually be analyzed for heavy metal and major nutrients. The risk assessment with regard to the health of employees, the agricultural use and the quality of product and the environment should be analyzed on new farm land.

III) Management of natural resources

This section of the code specifies the practice of proper agricultural investment land utilization in which agronomic and other practices that can expose the land for erosion should be avoided. In addition, soil and water management is required through application of appropriate soil conservation and fertility maintenance measures. The maintenance of flora and fauna/bio-diversity is also an important aspect of the requirement in which forests should be conserved through construction of fire break, illegal hunting should be avoided, wild life should be protected and the introduction of new forest species and imported germ plasm and seed should be certified by an authorized body. The compliance of the code will be verified and certified by an independent and internationally accredited and reputable verifying body.

2.9.3 Empowerment of Associations

Under the responsibility of Ministry of Agriculture and Rural Development (MoARD) national agricultural investment associations (Agriculture Development Enterprises Associations) will be established that are the major stakeholders responsible for actual implementation of the elements of EMS by their members and assisting them in reaching compliance and in managing the code of practice. (MoARD 2010), (EHPEA) and (EHDA) are mentioned to represent the country's horticulture especially the floriculture industry and the new regulation by Ethiopian council of Ministry on code of practice of the floriculture sector to realize environmental and social sustainability and improve the performance and market competitiveness of farms (Regulation No.207/2011) page -5924

2.9.4 EHPEA Code of Practice for Sustainable Flower Production

The Ethiopian Horticulture Producers and Exporters Association (EHPEA) were established in 2002 to facilitate the private sector horticultural exports and currently it is a legally registered organization with more than 95 members (EHPEA 2011). EHPEA is a national association of producer's exporters established on volunteer membership base; it is also open for foreigners operating in Ethiopia. EHPEA has a general assembly with executive committee of 5 members elected by the assembly and in addition it has an executive office run by employed staff and lead by executive director who is accountable to the executive committee. Moreover, the code

development has been guided by external expertise working with the support of Government regulators, representatives of civil society in Ethiopia, the ILO and the farm workers, CETU and has been funded through the Ethiopia-Netherlands Horticulture Partnership Program.

2.9.1.1 Objectives of the Code

The Ethiopian Horticulture Producer Exporters Association Code of Practice is the result of an initiative to introduce a voluntary system of continuous professional and technical development, monitoring and self regulation into the sector. The main objective of the code is ensuring the highest performance standards in the sector through progressive improvement and sustainable development whereby improving the competitive position in the market. It establishes key elements of best practices and sets the minimum requirements for Ethiopian floriculture sector. (EHPEA 2007)

The EHPEA Code of Practice will contribute to the: Long term economic viability of the sector ,Implementation of sustainable working practices and procedures, Development of skills at all levels of employment ,Enhancement of the implementation of safe working practices to maintain the wellbeing of the work force Responsible management of activities that affect the environment Implementation of at least the minimum labour conditions in accordance with the National Law and promotion of healthy industrial relations Active contribution to the community in which we operate and Enhancement of consumer health and safety .Achievement of the full benefit of introduction and implementation of the Code requires that all producers involved in the Ethiopian flower and ornamental chain, accept their share of the tasks and responsibilities to ensure that the EHPEA Code of Practice is fully implemented and supported. All farmers will be required to demonstrate their commitment by: Maintaining consumer confidence in flower and ornamentals quality, Minimizing detrimental impact on environment, whilst conserving nature and wildlife, Implementing IPM and reducing the use of agrochemicals , Improving the efficiency of the use of natural resources, Taking a responsible attitude towards worker health and safety ,Taking a responsible attitude towards consumer health and safety, Providing the appropriate workers conditions and Developing a responsible attitude towards the local community.

The code defines the Bronze level which is the minimum required standard which all member flower farmers are required to show their commitment and meet the standard level and even those who are not members are also encouraged to comply. Up on verification from an independent international accredited verification body for proven compliance of the code flower farms will be awarded EHPEA Code Accreditation. (EHPEA 2007)

The structure of EHPEA Code of Practice takes consideration of production management, environmental and personnel, labor and human resources management; and community management for highest performance and maintenance of the sustainable development under the sector. In addition, the code also includes sub-topics together with requirement and compliance criteria and reference documents under each topic. In doing so the association is forming a training unit and made an agreement with stakeholders to facilitate a network of support and capacity building activities and further study groups of farmers will be formed for good practice in the sector. On the other hand in management of the code EHPEA form three committees namely; the Code Management Committee, the Stakeholder Committee and the Implementation Support Committee. Each Committee consisted of one representative of the association board and two to three representatives of the EHPEA flower farms. In addition the Code Management Committee includes at least one representative of the external auditing entity and the stakeholder community. (Bedad & Eshetu, 2011) and EHPEA, code, 2007)

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter of the research paper describes the research methodology used to study the problem based on different authors' scientific point of view. This study paper is a qualitative research, which is common in social and behavioral science and often focused on social process. Thus, the paper is a qualitative/social science research conducted on social environment which takes an insight to floriculture industry practice. This research paper is mainly constructed on qualitative data which shows the industry practice rather than quantified sources and it starts looking in to the problem with an inductive reasoning by using the available empirical data in the area and relating it with the existing literature/theories

Finally this chapter the paper demonstrate the methodology used in conducting the study in which the research approach and design as well as the data collection and analysis methods used are briefly presented based on existing background theories including the motivation behind the application of the methods.

3.1 Research Approach

This study focus on more of descriptive research since the descriptive research aims to present a complete description of a subject within its context. The descriptive research approach answers the questions: what, who, where, when and how. Descriptive researches are often used when it already exists an amount of knowledge about the subject, this knowledge can then be used to categorize the information into models.

The study mainly relies on the inductive research approach, which is based on empirical evidence and drawing general conclusions/building theories from the empirical observations, as findings are incorporated back in to existing knowledge (literature/theories) to improve theories Hence the paper has begun its study with the empirical data on hand since there is lack of well developed available information in the area and so it could be difficult to find the respective theoretical model. As a result the study was planning first to see the empirical data on hand and next to relate it with the respective literature/theories .

3.2 Research Design

The research design is the overall plan for relating the conceptual research problem to relevant and practicable empirical research which means it provides a plan or a framework for data collection and analysis). Accordingly based on the research type and the research question the study employed a research design that can guide it to apply the appropriate form of data collection and analysis method. Among the type of research design case study is the most commonly used research design in qualitative research.

3.2.1 Case Study Research Design

A case study focus on only one or a few subjects and it should describe the research area in detail and in depth. Furthermore, a case study focuses on the specific, relations and processes, holistic point of view, natural environments and it uses multiple sources when collecting data.

Hence the paper is a qualitative case study that explores an organization, which in this case is Ethiopian floriculture industry, and which is a single and holistic case study that concerned only with the organization as a whole .The paper got insight of’’ how the industry is practicing the corporate social responsibility’’, case study is best applicable when questions like ‘how’ are to be answered.

Case study often involves data collection through sources such as verbal report, personal interviews and observation as a primary data and also involves financial reports, archives as well as budget and operating statements including market and competition reports and allows triangulation of multiple sources of data which refers to use of different data collection technique in one study. As it is mentioned before the research design employed that is case study design is a base for the choice of data collection and analysis methods suitable for the study.

The researcher decided to conduct a case study as it answers how and why questions. As the interest for CSR has increased rapidly in the recent years the researcher were interested in analyzing a contemporary event. The fact that a case study allows for several data collection methods also makes it suitable since the researcher used both interviews and written sources.

Furthermore, this thesis aims to describe CSR in detail and with depth which is one of the main attributes for a case study.

3.2.2 Sample and Sampling Techniques

The total populations for this study were the flower growing and exporting companies near to Addis Ababa (special oromia zone) which are about 70 flower growing farms. The sample size or target population of the study was focused on the 53 flowers growing and exporting companies.

The sample case chosen for this study was a single case study based on application level of CSR standard. The researcher wanted a company that has a good management or company that are established longer time and have good enough experienced about the CSR programs in different methods or applications. So, decided to choose the flowers farms around Addis Ababa and special Oromia zone because .the researcher thinks that the company can help to answer the research questions. Probability sampling method specifically stratified sampling method was applied for the study. Questionnaires were distributed to farm level supervisors using simple random sampling. Additionally purposive sampling method was used to gather information from production managers, and other management bodies in the Head office and at farm location. For each firm the size of the total employees working in relation with CSR were taken as a sampling frame. Furthermore, ensuring adequate representation the year 2012 employee's population figure were used as a base to calculate the sample size. From the sample of 53 farms the researcher prepared questionnaire and interview to the employee, managers or owners. Accordingly, the table below summarizes the total target farms and the sample size for the study that includes employees; managers or owners from each farm and totally 159 were participated. However 111 participants were responded for the questioners. Accordingly, 28, (25%) Owners, 45, (41%) Employees and 38 (34%) Managers were responded from the total region participated for the questioners

For this study, the selected areas for the research were Oromiya Regional zones. Most of horticultural business in Ethiopia started production before five to ten years were located in

vicinity of Addis Ababa to access the Addis Ababa Bole international Air port and due to good climatic conditions and geographical suitability. Addis Ababa has five route roads that lead out of the city where the horticultural farms location, with concentration of farms in four specific clusters/regions; Ziway/koka, Debrezeit , Holleta and Sebeta. The locations of farms are shown in the map indicated below.

Figure 3.1 Horticultural production regions In Ethiopia



Source: Handbook for greenhouse, 2012

The tables below summarize the interviews, together with the number of participants and their involvement in CSR (Table 3.1).

Region/cluster	Total Targeted population(farms)	Sample size	Percent of Population size	Total targeted population for questioner	Actual Respondent from the questioners
Ziway & koka	15	11	0.733	33	27
Hollela	26	20	0.769	60	38
Sebeta	11	8	0.727	24	18
Debreziet	18	14	0.777	42	29
Total	70	53	0.750	159	111

3.3 DATA COLLECTION

In this section the type of data or sources and the data collection methods the study chosen are briefly presented based on its employed research design.

3.3.1 Secondary Data

Secondary data are information that have already been collected by others for other purpose and includes books, journal articles and websites of organizations and catalogues. The study mainly depends on secondary data like articles by experts in the area, codes developed by the association and authorities both national and international, scientific books and other website documents.

Secondary data has an advantage of saving time and money and ease of access and serves as a comparison instrument for understanding and interpreting the primary data. However, since these data are collected for another study it might not fit our problem and it might be less accurate and less reliable

As mentioned before a case study can be used to collect secondary data since it serves both as a research design and data collection method, so the study used case study as a method.

3.3.2 Primary Data

Accordingly primary data are data collected relevant ourselves when there is lack of secondary data or if the secondary data is not good enough to answer our research question. Due to lack of sufficiently available secondary data and inefficiency of the existing one the study managed to use some primary data to fill the information gap it has faced. Primary data are more consistent with the intended purpose; however, needs much more time and it is costly and depends on the respondents' willingness as well

In order to conduct a reliable and representative analysis of the awareness of and practice CSR among farms, a representative sample of the population was needed. In other words, respondents had to belong to different farms clusters, and all demographic and social backgrounds. Among the primary data collection methods the study has used interview and questioner to fill the information gap.

3.3.2.1 Interview (semi - structured)

It helps to gather valid and reliable data that are relevant to the research questions and objective. The paper employed a semi- structured interview with a list of questions to an official person that assisted the study by ensuring the validity of existing data as well as by providing additional information. The interview was conducted in face to face to EHPEA officials, staffs and EHDA officials to collect empirical data of the area and the practice of CSR from the industry point of view .The interview lasted for approximately 45 minutes and the interview was recorded in order to remember and avoid misunderstandings.

3.3.2.2 Questionnaire (self - administered)

It includes a predetermined same set of questions to be respond by all participants and the self-administered questionnaires are usually completed by the respondents which can be administered either physical presence, electronically or by post Consequently the research has used a self-administered questionnaire to some selected companies that can be used as an additional source

of data with interview as a means of cross checking the available data and by providing more information as well.

3.4 Data Analysis

The researcher can do so by investigating regularities, patterns, explanations, possible configurations, casual flows and propositions. When the researcher collected and analyzed the data considered data reduction, data display and conclusion drawing and verification. The researcher considered data reduction by focusing on our research questions and by discarding irrelevant information. After that, the researcher aimed to display the reduced data in a clear manner in order to avoid misinterpretations and to facilitate conclusion drawings. When the researcher came to the conclusion drawing and verifications of the data analysis the researcher investigated regularities, patterns and explanations in order to reach a “correct” conclusion.

Accordingly, the purpose of analysis is to understand and gain insights from the collected data and also to make sense of data theory is needed. In qualitative research data collection and analysis are conducted simultaneously in an interactive way with intensive interplay between data and theory. Accordingly the study has got insight of the data collected based on the respective theories to answer the research question. In other words, the study has investigated the data collected and has reached an understanding of the case through findings and answer to research questions. In order to analyze the raw data the researcher used ‘SPSS 16.0 for Windows’ and compared with the results theoretical from the three pillars.

3.5 Reliability

The study is mainly based on secondary data and it also used some primary data to fill the information gap. The paper has come up with an insight of the study through analyzing the data in relation with the literature to find the answer for the research question. In doing so the paper has used scientific articles and books from reliable databases and primary source like from ‘SPSS 16.0 for Windows’, various times study report on the industry by different authors and responses from the respective officials of companies and authorities.

CHAPTER FOUR

RESULTS AND DISCUSSION

This is the main chapter of the research paper that presents the problem under study and answers the research questions. The chapter also summarizes the results of the study, and interpret and or discuss the findings. Interviews were one of the major parts of our empirical and qualitative research to prove our thesis. So conducted interview from industry expert belongs to EHPEA and EHDA which represents 85% of horticulture industry, and Government (EHDA) industry .Accordingly results from the questioners and interviews made with these higher officials and results are presented as follows

4.1 Results Interpretation

This section of the study sought to assess and analyze the CSR Practice in Ethiopian horticultural farms in general and also assessed challenges, opportunities, driving forces using the questionnaires developed and distributed to the respondents. In this section the questioners methodology employed in the study was described. Presents and analyzes the primary data collected from the survey of 111 participants of farm managers, owners and employees, using questionnaire guide as the research instruments. The presentation begins with the profile of the respondents. The demographic data was used find out if people respond differently items with respect to differences in gender, age, educational background, and farms location. This is followed by the assessment of CSR Practice at farms and the results of Factor analysis. Part one of the questioners is about demographic information of the respondents are summarized in the below table

Table 4.1 Demographic data of Respondents

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Male	61	55.0	55.0	55.0
Female	50	45.0	45.0	100.0
Total	111	100.0	100.0	
Age				
18-30 years	25	22.5	22.5	22.5
30-51 years	82	73.9	73.9	96.4
50 and above yea	4	3.6	3.6	100.0
Total	111	100.0	100.0	
Education				
12/10 Grade	3	2.7	2.7	2.7
Diploma	31	27.9	27.9	30.6
BA/BSc	42	37.8	37.8	68.5
Second degree	24	21.6	21.6	90.1
Other(less than12)	11	9.9	9.9	100.0
Duration with				
0-4 years	37	33.3	33.3	33.3
4-10 years	62	55.9	55.9	89.2
10 and above	12	10.8	10.8	100.0
Total	111	100.0	100.0	

Source: Survey, 2013

Gender of Respondents; Out of the 111 respondents for the study, 61 were male (55%) whilst 50 were female (45%) It is obvious that the data was bias towards male. Even though the focus of the study is to measure CSR Practice which has no gender consideration, males and females gave same answers. Age Distribution of Respondents; The age distribution of respondents reported in Table 4.1 below shows that majority of the respondents fell within the age bracket of 30-51 years (73.9%). This is followed by 18-30 age brackets which represent 22.5 % of the total sample. Respondents who fell within 50 and above age groups constituted 3.6 per cent of the sample. Educational Background of Respondents; With the educational background, 37.8 percent of respondent said that they possessed BA/BSc /first degree educational qualifications; 27.9 per cent have diploma; 21.6 per cent have second degree professionals/ postgraduate education; 2.7 are twelve or 10 complete; and 9.9per cent are others.

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

The highly educated customers (degree-post graduate) seem to be giving preferential treatment over the others. Whilst quite a great number of highly educated customers were almost in absolute agreement that they were being giving personalized attention, served quickly and efficiently and also had their transactions handled accurately, only a small proportion of the middle and lowly educated customers were in agreement. Duration of Business with Farms; The length of time of being with an employer/investor is a sine qua non for objective assessment of its service quality above the minimum requirements.

Therefore, to gauge the quality of data for the study the respondents were asked to indicate the length of time they had spent with farms. The results indicate that 55.9 per cent of the respondents had spent between 4-10 years with the farms; 33.3 per cent 0-4 years and 10.8 per cent ten years or higher. The distribution has been summarized in Table 4.1 the only remarkable view on the element tested is that, higher proportion employees who have stayed with the farms

longer than four and less than ten years absolutely agree that they are satisfied with existing company benefits or CSR activities by the farms.

Part two of the questionnaires results responded by the participants are interpreted and discussed in details with related tables as follows.

Table 4.2 Do farms have CSR Programs and how is incorporated

		Frequency	percent
1	Do have any CSR program at your farm?		
	yes	108	97.3
	No	1	.9
	Don't know	2	1.8
2	Do the farms incorporate CSR as policy/plan?		
	yes	109	98.2
	No	1	.9
	Don't know	1	.9

Source: Survey, 2013

Among the total respondents, 97.75% of them had responded by stating that CSR programs or activates are known or have CSR that is incorporated in their companies business plan or policy .Only 1.35% responded that they don't know or not practiced to their knowledge. The majorities of the respondents have the concept and incorporated CSR activities in hirer management plan.

Table 4.3 CSR Functional department at the organization

	Frequency	percent
In Which organization function CSR lie		
Human Resource	56	50.5%
Public Relations/communications	3	2.7%
Marketing and sales		
Corporate affairs	27	24.30%
Operations management	19	17.1%
Other(specify)	9	8.1%

Source: Survey, 2013

The results from respondents are based on the above Table 4.3. 50.5% of majorities respondents are answered that the responsible functional department or unit is the human resource department, 27% at corporate affairs, 9% at operational management and 9% others functionalities.

Table4.4 The way CSR is organized in the company for implementation

	Frequency	percent
How CSR Managed		
Have CSR manager	9	8.1%
Have CSR committee	9	8.1%
Have board member for CSR policy		
Under Each function	64	57.7%
Don't have		
Other (PLEASE SPECIFY)	29	26.1%

Source: Survey, 2013

Out of the total respondents with respect to how CSR activities or programs are organized or performed, 57.7% of them have responded that activities are organized through each functional directors (like human resource) are responsible, 26.1% others (have own complaint manager) , 8.1% have own CSR manager and 8.1% have own CSR committee to organize each activities

Table 4.5 Stakeholders for CSR programs implementations

	Frequency	percent
Which stakeholders Ranked first by respondents		
Customers	9	8.1%
Government		
Suppliers		
Employees	27	24.3%
NGOs		
Investors	65	58.6%
Media		
Communities		
Business coalitions		
EHPEA	1	0.09%

Source: Survey, 2013

The stakeholders order per the importance of the implementation of CSR a respondents reported in Table 4.5 below shows that majority of the respondents ,58.6% are ranked first the investor/owners of the farms, 24.3% employees , 8.1% of customers and .09% EHPEA.

Table 4.6 Motivating factors as motto for CSR

	Frequency	Percent %
Which objectives Very important		
Improve competitiveness	64	57%
As Social & political legitimacy	56	50.50
Improve financial performance	38	34.20
Is morality right thing to do	101	91%
Mitigates Risks	56	50.50%
Improve company's Images	83	74.8%
Enhance innovations	63	65.8%
solve social & environments	65	58.6%
Improve employees motivation	56	50.5%
Enhance reputations	47	42.30%
Mitigate new regulations	46	41.40%
Satisfy pressure groups & NG		
Improve competitiveness	37	33.3%

Source: Survey, 2013

Table 4.6 above shows that the very important driving force for the application/practicing of the CSR programs according to the respondents. Most of them were ranked first, which is 91% of them are responded due to morality of the right thing to do, 74.8% of helps to improve company images, 65.8% increase company innovations, 58.6% contribute to social and environments, 57% increase competitiveness, 50.50% gave us social and political legitimacy, 50.50 mitigate risk, 42.3% increase company reputations, 41.4% prevents new regulations, 34% improve company financial performance and 33.3% satisfies NGOs and pressure groups.

Table 4.7 Employees benefit offered by the farms

	Frequency	percent
Which Benefits to employees are implemented?		
Training and capacity building only	30	22.9%
Job related training only	31	28.42%
Collective bargaining only	34	34.62%
Canteen services only	16	14.42%
Other		

Source: Survey, 2013

The respondents were asked to indicate the CSR's activities that are considered from employee's point of views. Accordingly, table 4.8 indicate that 34.62% responded that have collective bargaining documents, 28.42% got job related training, 22.9% secured training and capacity building and 14.42% have got canteen service from their company.

Table 4.8 CSR Projects Company assisted to the community

	Frequency	percent
Benefit to Local community		
Roads/transport facilities	13	12
Social facilities	22	20
Health and welfare	26	23
Utilities	4	3.6
Sport facilities	5	4.4
Skill training/fee educations	41	37
Other		

Source: Survey, 2013

The above table 4.9 clearly indicates that most of the respondents (37%) were assisted the community through skill training and educations and 23% through health and welfare programs, 20% were responded assisting through social facilities, 12 % in providing of road and transports facilities and very small also support the community in sports and utilities facilities.

Table 4.9 : CSR programs to adopt environmental impact?

	Frequency	percent
Environment management system is used at your farms?		
Energy saving	1	0.90
Water recycling	2	1.80
Mobility management (car pooling, car sharing)	9	8.11
Sustainable packaging	24	21.62
Developing of environmental friends input/products	23	20.72
Life cycle assessment process		-
Use of renewable resource		-
Management of environment system	32	28.83
Integrated pest management (IPM)	20	18.02
OTHERS (specify)		

Source: Survey, 2013

Base on the table 4.10 respondents replied about how the company adopted policy/plan reduce/minimize the impacts environment. Out of the respondents 28.8% were have management of environmental sytem, 20.72% use environmental friends inputs/products, 21.62 sustainable packaging , 18.02% by IPM(Integrated pest management) , 8.11% by mobility managements and very flews are responded by energy saving and water recycling.

Table 4.10: Problems related to development of CSR programs

	Frequency	percent
Which is the Most challenges for CSR Programs?		
Lack of knowledge	14	13.95
Lack of institutions assists	18	16.2
Lack specific legislation CSR	41	36.05
Not have immediate benefits	2	1.8
High costs	54	48.2
Lack of corporate skill		
Little impact on social & environment	10	9
Few interests of companies	10	9

Source: Survey, 2013

The respondents were asked to prioritize the main problems that hinder the practice of CSR in their respective farms. According, in referring to table 4.11, **48.2%** were mentioned high costs, **36.05 %** lack of specific legislation of CSR, **16.2%**, Lack of institution assists, **13.95%** lack of knowledge, **9%** little impact in social and environment and **9%** of them few interest of the company.

Table 4.11 Main internal driving forces for CSR Implementation

	Frequency	percent
Which one are the most Internal driving forces of CSR?		
Management Responsibility toward staff	45	40.54
Better performance	15	13.51
Employee performance/motivation/ workers/customers	16	14.41
Internal Marketing strategy	13	11.71
Labour union	2	1.80

Need of quality product	12	10.81
Need of efficient manpower	8	7.21

Source: Survey, 2013

The tables 4.11 summarize the respondents reaction towards companies internal driving forces while to practice CSR. Then 40.54% were responded that the forces were management responsibility toward people,14.41%employees motivation/relationship with workaers.13.51% better performance,11.71% internal market strategy ,10.81 need of quality products and others very few also need of efficient manpower and labor union.

Table 4.12 Main external driving forces for CSR Implementation

	Frequency	percent
Which one are the most external driving forces of CSR?		
Customers expectation /Market demand/buyers requirements	35	31.53
Government incentive	5	4.50
Community /good neighborhood	1	1.41
Improve relationship with communities/govt	43	38.64
Poor economic of the community	10	9.01
EHPEA code initiate	12	10.81
Fair trade/global gap requirements	5	4.50

Source: Survey, 2013

The table4.12 summarizes the respondent’s reaction towards companies external driving forces while to practice CSR.then **38.64%** were responded that the forces were to Improve relationship with communities/goverments,**31.53%**Customers expectation /Market demand/buyers requirements,10.81% EHPEA code of practice, others very few also Government incentive, Fair trade/global gap requirements and Community /good neighborhood

4.2 Statistical Analysis of Questionnaire Results

In this sub section the results of a statistical analysis of the questionnaire are presented using the ‘SPSS 16.0 for Windows’ and compared with the results theoretical from the three pillars. Based on respondents about the concepts and knowing CSR in the farms showed that almost all which is **97.7%** know about the CSR .However, the way CSR incorporated in the farms are different from farms to farms. Most of them apply that are related to employees.

Therefore, according to the results from the study the concepts of or knowing the Corporate Social Responsibility is well is familiar though the actual practice is limited in floriculture industry in Ethiopia .This results also confirms with the EHPEA code of practice assists farms to engage in this CSR activities since the code was developed in 2007 with main objective of ensuring the highest performance standards in the sector through progressive improvement and sustainable development whereby improving the competitive position in the market. Being an integral part of company policy and company operation management of CSR is mostly the responsibility of the managing director of the company. However, different activities are delegated to different department especially in human resource and compliance office. The majority of farms **50.5 %** agreed that the CSR lie n the human resources function to practice the activities or intended CSR programs. Since in most farms believe that HRM is supporting department that assists other functional departments through activities like capacity building, interaction with neighboring communities) .There are also farms that have CSR function as corporate affairs, operation management, and even in the marketing and sales departments. In general all farms have a responsible departments/function unit to practice CSR and also each department has the responsibility for organizing of CSR activities in each farm.

According to the finding result the CSR programs are announced to the stakeholders through annual company report and their own company day. Like Annual family day that involves employees, their families, the government officials, local communities, customers and others. Some farms are also introducing the CSR activities through their own website and magazines.

Table 4.13 Importance stakeholders for implementation of CSR

	Mean	% of Total Sum	Std. Deviation
Customers	1.0000	7.9%	.00000
Employees	1.0000	23.7%	.00000
Investors/owners	1.0462	59.6%	.27561
communities	1.0000	7.9%	.00000
EHPEA	1.0000	.9%	.
Total	1.0270	100.0%	.21146

Source: Survey, 2013

Table 4.13 above results of mean 1.0462 and STD.27561 show that investors are the first stakeholders for the implementation of CSR .Even though there are a lot of farms stakeholders from the owners to end users or customers but investors ranked first these stakeholders in order of importance for the implementation of Farms CSR activities and farms agreed that investors come at first, followed by employee and customers as well as EHPEA. Therefore, the initiation to have CSR programs comes out due to owners/investors willingness and interest. The contribution of employees and customers are also not minimal for CSR implementations. Since the investors are always have an interaction with employees and customers that push them to have CSR programs and become ranked first. This is also support by table 2.2 in the literature states that the initiators for practicing of CSR(corporate responsibility) are investor and consumer demands and governmental and public pressures. The concept of stakeholders in CSR is defined as indicated in literature Corporate social responsibility (CSR is) 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.

Table 4.14 major motivating objectives for implementing of CSR

Main motive	Mean	% of Total Sum	Std. Deviation
Improve competitiveness	0000	8.8%	
As Social & political legitimacy	1.0000	.9%	00000.
Improve financial performance	1.0000	9.6%	.00000
Is morality right thing to do	1.22221	16.7%	66667
Mitigates Risks	1.0000	7.9%	.00000
Improve company's Images	1.1111.	15.8%	.33333.
Enhance innovations	1.0000	7.9%	.00000
solve social & environments	1.0000	7.9%	.00000
Improve employees motivation	1.0000	7.9%	.00000
Enhance reputations	1.0000	15.8%	.00000
Mitigate new regulations	1.0000	.9%	.
Satisfy pressure groups & NG	1.0000	.9%	.
Total	1.0270	100.0%	.21146

Source: Survey, 2013

It is obvious that there is an objective to have CSR at any company's but with different motives or objectives. (Ronald, 2006) in the literature stated that we believe in CSR because it is a proposition aligned with our values, but also because it makes business sense. Our commercial partners expect from us sound environmental and social practices. In referring to the above table 8 results indicate that farms in Ethiopia has also an objective to practice CSR however with different major motives .The mean1.2222 and1.1111 and STD. 66667, and 33333 show that most of the farms have CSR due to the morality" the right thing do" as motivating factors and followed by to keep the company image. However these objectives lead to other interrelated benefits such as attraction and retention of employees- a company's dedication to CSR can really be a drawing point for potential employees at all levels, Access to capital- A business plan incorporating a good CSR approach is often seen as a proxy for good management, Improved

innovation, competitiveness and market positioning, increase productivity and sales and even organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for firms that do not have direct retail exposure through brands, their reputation for addressing CSR issues as a supply chain partner— both good and bad—can be crucial commercially(Ronald, 2006)

Table 4.15 the main challenges for CSR practices

challenges	Mean	% of Total Sum	Std. Deviation
Lack of knowledge	1.0000	7.9%	.00000
Lack of institutions assists	1.0000	8.8%	.00000
Lack specific legislation CSR	1.0370	15.8%	.19245
Lack of immediate benefits	1.0000	9.6%	.00000
High costs	1.2222	24.6%	.66667
Lack of corporate skill	1.0000	7.9%	.00000
Little impact on social & environment	1.0000	7.9%	
Few interests of companies	1.0000	.9%	.
Total	1.0270	100.0%	.21146

Source: Survey, 2013

Table 4.15 results show that farms have challenge or obstacles in applying CSR and the average mean 1.2222 and STD.66667 indicate that cost is the main challenge and next lack of specific legislation for CSR with mean 1.0370 STD .19245. Actually CSR programs have costs but doing of CSR vary depending on the CSR subject. Generally speaking, environment-related CSR activities mainly cause costs in terms of capital (e.g. new equipment, improvement of energy use etc.) and minor recurrent costs (such as equipment update and maintenance). In contrast, recurrent costs of CSR activities aimed at improving social aspects of business operations often

exceed capital costs. This supports with article by Newell from 2005, there is also not enough checks and balances in the operation of companies when it comes to the several CSR approaches that exist. As indicated in questioner's response there is no clear or support from government in respect to CSR programs implemented by the farms .E.g. farms supported the community by providing water accessibility by providing water pipes and contributing to the purchase of water pumps, building security office in the village for policeman., schools building, small clinic health centers, free education and medical provision for all employees, children and free medical care for all employees.

Table 4.16 Farms CSR Programs practice from Economic, Social and Environmental point of views (Triple bottom line)

		N	Mean	Std. Deviation	Std. Error Mean
environment	>= 1.00	111	11.8739	1.47782	.14027
	< 1.00	0 ^a	.	.	.
Economic	>= 1.00	111	19.6486	4.00147	.37980
	< 1.00	0 ^a	.	.	.
social	>= 1.00	111	15.6847	3.28629	.31192
	< 1.00	0 ^a	.	.	.

Source: Survey, 2013

Table 4.17 Correlations of the three pillars

		Economic	social	Environment
Economic	Pearson Correlation	1	.576**	.243*
	Sig. (2-tailed)		.000	.010
	N	111	111	111
social	Pearson Correlation	.576**	1	.454**
	Sig. (2-tailed)	.000		.000
	N	111	111	111
Environment	Pearson Correlation	.243*	.454**	1
	Sig. (2-tailed)	.010	.000	
	N	111	111	111

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Survey, 2013

The findings of the industry from the questioners distributed about the CSR practice in floricultures from the three pillars of economical, environmental and social sustainability is presented in the above two tables 4.16 and table 4.17. Since Ethiopian floriculture industry is highly promissory for the country development at large though faces a challenge from Environmental activists and accessing of the international markets like the other global flower industries. It is accused for negative publicity due to the concern arises for environmental and social sustainability. The flowers market is not locally determined by the growers rather by the international market and which is also mainly affected by the Europe economy. Economic success like increasing of export product is more important for a developing country. since It is very difficult to talk about CSR without looking at triple bottom line thinking (that is interactive thinking taking into consideration social, environmental and economic factors).The study focus also the CSR practice from the three pillars, Economics, social and environments .According to the table blow the results are indicated in mean of and STD for economic Mean 19.6486 and

STD4.00147, Social mean 15.6847 & STD 3.28629 and mean for environments 11.8739 and STD1.47782 respectively. The results and facts are discussed from each pillar as follows:

Economics Sustainability

Economics sustainability expressed in terms of CSR programs such as activities related to enhancing the living standard of citizens through increasing of income, providing canteen service, job related training, giving education, health care, job creation and so on and on the other hand it is directly associated with an economic growth at the aggregate. Most of the farms are also involved in these activities as indicated by table 4.16 and Mean 19.6486 and STD4.00147 for economic aspects of CSR. Which lead to the industries economic development since Floriculture in Ethiopia is a new product to export and contain a huge potential to earn foreign exchange, the quality of flower which is exported by Ethiopia is currently meet with respect of the international market demand. However the economic aspects are highly related with social Pearson Correlation .576** this is because some of the farms activities of CSR are highly directly related with social sustainability measurements.

The floriculture sector currently ranks as one of the economy's fastest growing industries, become the fourth largest foreign exchange earner. Even if it is a newly emerged sector it can attain a remarkable development and become second largest exporter of roses in Africa next to Kenya. It is likely to be doubled for the next few year .The government plays a vital role for this development through proposing favorable investment conditions to attract foreign investors.

The farms CSR Programs that related to economy may results from the natural Ethiopia has got different advantages over other countries exporting counties like Kenya such as its climatic advantage there are additional factors which contribute to the development of flower farms in the country , One factor is its geographical proximity to reach potential market, Another feature of the industry which gives a positive image for the sector that contributes for the general economy is job creation for thousands of citizens. More than hundred thousands of citizens got a job directly or indirectly from the sector and most importantly women accounted for 70% of the total work force mainly located at rural areas (EHDA, 2012). Due to the fact that women within such

a developing country have some difficulties of having their own job it is turn out to be an important source of income and one way escaping from being dependant on their husband or family's shoulder. With this much of sectors development the sector is recognize as new engine that drives job creation and innovation. This is the key to real economic sustainability .These all lead the country to increase its economy through earning of foreign income from the export. Know horticulture export ranked **forth** for the country in earning of foreign income.

Environment sustainability

Environment issues are of one the factors in sustainability of the flowers industry in Ethiopia due the fact that flowers industry need huge amount of water, fertilizers, chemicals etc .However, in respect of environmental programs of CSR by farms are not done too much in comparison of the two pillars while correlating Pearson Correlation .454** the three pillars. Environmental sustainability includes safeguarding of species on the earth. Environmental variables associated with of natural resources consumption and degradation, gives potential influences to its viability. Some examples include: Sulfur dioxide concentration, Concentration of nitrogen oxide, selected priority pollutants, Excessive nutrient, Electricity consumption, Fossil fuel consumption, Solid waste management and Hazardous waste management Change in land use/land cover (Mothy 2011).Farms are also families with programs like of environment managements, Integrated pest management(IPM),sustainable packing, use environmental friends inputs/products etc. According to questionnaire responses from flower farms participated most of them are not so proactive to the environment in water and air even though farms contribute a lot for water and air pollutions. Problems related to air & water pollution, soil erosion, water scarcity, deforestation are becoming one of the main reasons for adverse impact on the environment.

One of the major concerns of environmentalists within the flower industry is its impact on water consumption in relation to the region where it operates..There is a clear procedure on Ethiopian legislation bodies and EPHEA about how much water a single farm should use per area. However, the water level is dropping from time to time and there is no action is implemented to tackle this problem.

Another water related problem is water pollution that causes problem on human and animal health. Flower farms use some hazardous chemicals in the form of fertilizers or pesticides which can be easily washed off from the ground and enter in to water bodies. Moreover, excessive usage of inorganic chemicals in the farms, e.g nitrate fertilizers will get into water bodies by which can be washed away from the farms by rain or some other means can cause algal blooms and eutrophication. On rare occasions, this nitrate has been associated internationally with 'blue baby syndrome... A number of proclamations and several rules are passed considering water resource and in order to maintain environmental sustainability. However, none of them prevent from current environmental degradation and pollution. According to our questionnaire responses from flower farms they are supervised by different concerned authorities and are being practicing according to the regulations. Water scarcity as well as pollution combined can affect environment and social sustainability. Societies who depend on rivers and lakes for their livelihood might become frustrated and may lead them to migrate to another place for a better water resource. To challenge this problem sometimes local farmers confront with commercial farms and conflict might arise where and how to access the water. A way of resolving such kind of problem is minimal and there is no clear way of participating stakeholders how to manage the water resource. Poor or misguided fertilizer application can impose major burdens on the environment, potentially leading to adverse effects on the safety and security of the society. Fertilizers can be seen from both angles who are from environmental and economical sustainability. A properly used fertilizer will led an increase on the total flower production more frequently .Since, more production is a factor of obtaining more revenue, and it will promote the organization to be more profitable and more economical sustainable .Usually fertilizers contain nitrogen and misused fertilizer can cause an environmental damage when it finds a way to contaminate itself into water or air since it decrease oxygen content. These two arguments about fertilizer's environmental and economical sustainability tradeoff each other

Social Sustainability

From the social point of view farms also involved in different social activities considered as CSR programs examples include; road and transport facility ,educations for communities ,health & welfare, utilities, Unemployment rate, female labor force participation rate, Median household income, relative poverty, percentage of population with a post-secondary degree or certificate, average commute time, and violent crimes per capita Health-adjusted life expectancy (Mouthy, 2011).Farms are also engaged in some of the social activities listed above but not much as economic activities. While reviewing of social in respect of the two pillars it is correlated with environmental (.454**) and economical (.576**) sustainability in the above, there are some issues that are related to social sustainability directly or indirectly which concern the livelihood of the society.

Besides the above mentioned social sustainability issues, employees related problems are repeatedly mentioned. According to the interview results previously employees are too much Negligent in applying the farms code which is related with of employee's safety, health and their right is another matter. Now currently show some progress and better to use the safety material properly while in farms per the EHPEA code and also application of other standards like Global Gab, Fare trade ETI etc. But there also farms that working condition is very poor. Workers are exposed to hazardous pesticides without wearing any kind of protecting materials. In contrary to the government and EHPEA procedure which underlines the importance safety implementation of pesticides but most flower farms import chemicals that are not on the list of MPS code 2006.

Social sustainability practice reveals issues such as jobs security; safety, income, and long time work are at risk. Recently foreign financed commercial farms are entered in to the country and still land under leasing. Land grabbing has an environmental as well as social impact. It will lead to an environmental destruction in need of appropriate farm land. Most of their lands are covered by greenhouses now and it were once used to grow crops and surrounded by woods that were convenient to collect firewood. Of course these new commercial farms significantly supplement the national economy and contribute to an economical sustainability through generating foreign exchange currency and creates job for citizens. However, today in the country millions lives are

seeking food aid and the government is leasing extremely large lands to commercial farms that threatens own food security. It is an investment against the country's food. Involvement of community leader is a particular issue as they lack awareness and literacy but are the major group in implementing of CSR programs.

4.3 Results and Discussion on Interviews

These interviews on CSR practices were based on a set of open-ended questions to EHPEA and EHDA staffs to see the overall industry practice on CSR and governance System. The interview results from the two organizations are generally Summarized. As shows that the overall interactions and relationship between the governments, farms, Associations, Market, other standards, buyers and other stakeholders. The interviewees from the EHDA expressed that there is good communication systems with the farms and the association as EHDA's vision is to see Ethiopia a leading African country in export led Horticultural Development. EHAD staffs outlines that the major objective of the Agency is to ensure the fast and sustainable growth of the export industry by providing support in the area of three pillars of development, i.e., capacity building, investment and market promotion. Currently the agency is implementing different capacity building projects in collaboration with EHPEA through financial support from mainly The Netherlands Embassy called ETHIO-Netherland Horticultural partnership programs (ENHPP).Some of the projects are Integrated capacity building programs of roses(ICBP),Integrated pest managements, etc. At the same time EHPEA officials declared the Mission of the Ethiopian Horticulture Producer Exporters Association is to promote and safeguard the sustainable competitive position of the Ethiopian horticulture sector within the global market. EHPEA has took the voluntary initiation to have sector based code of practice that has positive impact on economics, social and environment .This code contribute a lot for farms to ahead further or to practice CSR programs. EHPEA has also benefiting of individual beg, united bargain, market linkage, capacity building that influence international and national strategies and the like. It is also outline that in future EHPEA is looking ahead for plans like market diversification for members, competitiveness enhancement and assuming 'center of excellent' is the national horticulture export promotion. EHPEA is currently started a new project called Frich with other three main partners, Africa now, Finleyey and Mark and Spencer (M&S)

UK supermarket. The main objective of the project is to support farms to export their products to UK market. As it is a criteria to enter in the UK market must be certify Global gab which is integral part of CSR. (Agreement doc. EHPEA, The project aim is to promote farms to practice CSR programs by experience sharing between farms in Ethiopia, flower farms in other producer countries, like Kenya had done actors in other industry sectors and specialist expertise available locally and internationally.

In general as the country doesn't have a stock market system as a result there is no well developed corporate governance system which is dependent on it, rather the governance system falls on government control through different ethical business tools which includes company laws (code of conduct), code of practice and different legislations and policies. On the other hand the trading system and the market orientation also allow the value-chains to exercise control of ethical business practice. The empirical study demonstrates that government is the major player in assuring ethical business practice in the industry. The Commercial Code of Ethiopia set the rules and regulations for internal governance of business activities where the Article of Association of a company is a required for establishment and the Memorandum of Association is a document that governs the relationship between the company and its outside environment. Both documents determine the constitution of the company which is required in a country's law.

On the other hands the government also developed policy tools and the respective legislation system (national laws) to ensure the application of policies in regulating the ethical business practice. Policies like environmental, water resources and land usage are some of the mentioned in the empirical study where regulated by the respective proclamations. Environmental pollution is controlled or minimized through practical rules that allows proper disposal of waste, cautionary and restricted application of chemicals and proper conservation of water resources. In doing so Environmental Protection Authority is the authorized government body to regulate the practice with this regard. In this respect EPA is too late in developing regulatory code like EHPEA code since it is proclaimed in 2012 and it is has no proper disposal of wastage system at the country.

As it is mentioned in the literature government plays an important the role in attaining the sustainable business practices. Here in the floriculture industry the government drives the sustainable agricultural practice through controlling and monitoring by setting minimum requirement and by developing Environmental Management System; and it provides incentives and guidelines and allows multi stakeholders engagement that includes different associations and foreign expertise.

To the other extreme the market orientation for flowers industry is different from others that enable the value chain to exert its control over the chain and on the organizations as well. The floriculture market is mostly connected to the EU market especially the Dutch market which involves the auction and direct sales to supermarkets and retailers. Governance of value chain on the floriculture industry recognize that the power possessed by buyers in other words supermarkets and retail stores are higher though auction market had a considerable power too. As a result the sustainability of flower production is controlled by buyers through requirement of standards for safety, health and environment like MPS market label.

However, from the interview and the questioners the results shows that during planning and implementation phases of CSR there is a gap among the three influential stakeholders (the farms, association and the agency

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Corporate social responsibility over the past half a century evolved into a modern and widely accepted concept. It represents a comprehensive concept related to the role of business in global market and development. CSR is based on the presumption that the stakeholders expect companies to perform responsibly in terms of reducing negative outcomes resulting from their operation and for the most part profit-orientated objectives of their undertaking. Various definitions and approaches to CSR coexist today, some determined by socio-cultural and economic situation in a given country, some by the political system and belief.

The Ethiopian horticultural industry has begun to realize the importance of involvement in CSR practices from economic, social and environmental issues. The aim of this study was to understand the practice of CSR in Ethiopian floriculture industry and what motivates or opportunities the producers have in Ethiopia to engage in CSR practices, what the drivers of companies' initiatives are, who the most important stakeholders are, and what kind of practices companies initiate on a daily basis and what are the main challenges that are related to CSR practice. To answer the research questions, self-managed interviews and questioners were supplemented by quantitative measures were conducted in four horticultural regions across Ethiopia close to Addis Ababa. The results are seen from the triple bottom line concepts that considered CSR Practice from economic, social and environmental issues and data are analyzed by SPSS 16.0 for Windows'.

As a result companies attempt to exercise the CSR programs as a responsible business practice from their own business profit aspects that contribute to increase the economic aspects. There also an attempt for social issues which is highly related with employees benefits.

The research shows that the most important stakeholders for the CSR initiatives are investors or owners and followed by employees and customers, and EHPEA. Since the floriculture industry stakeholders are very interrelated for the business mostly the customers/buyers are the major influential part for Ethiopian horticultural products due to the nature of the market that is not under the control of the seller/producers. Due to fact that the investors are mostly forced to apply different good agricultural practices or codes that includes EHPEA code, Global gap, Fair trade, etc this is mostly required by the customers.

The EHPEA voluntary code developed is also very important farms to practice CSR Programs. The code was revised as per the situations and now to started third version of the code .Most of the farms are complaint with EHPEA code and contribute a lot for farms to farms CSR activities. Since the code is the minimum/bronze level code of practice for sustainable agricultures that ensures compliance with the basic Environmental Management System. It is concerned with societal affairs of the community and employees, sustainable agricultural production and proper management of natural resources. The Code is also concerned with environment of which managing chemical usage and its requirement of product registration. Further it specifies employee protection from accidents and hazardous chemicals.

On the other hand the demand for CSR practices is originally driven by marketplace expectation and comes mainly from overseas customers and this lead inventor's to have CSR as its main motives for CSR were a morality the right thing to do and needs to keeping its company's image is so vital. Even from societies a point of view the industry has got a lot of challenges. Because of the nature of the product keeping its image is good. However, according to respondents government support for CSR practice is very minimal but Due to the fact that the CSR concept and its practice is on its early stage still the sustainability of the business practice is under question since the floriculture industry in Ethiopia or generally is severely affecting the environment, the water resource, the soil, land and generally the society and even employees even though it has a good economic image. Therefore, the government has to play significant role in developing specific regulations and make close follow up of the sustainability of the business there exists a possible overlap between these two systems.

Therefore, based on this research one way or another CSR practice and then respective governance system has a possible linkage in deed in performing a good business practice in the industry with one party in an attempt to exercise ethical business practice and the other that guide and ensure the ethicality and sustainability of the business activities. The main reason behind this is to integrate the governance system with CSR is in order to promote, and encourage flower farms to adopt, CSR values and strategies while recognizing their CSR activities.

However, simply putting a minimum requirement from the government like the new EPA regulation of Ethiopia on farms won't work without the participation of other like market based CSR drivers for implementation and enforcement. Moreover, corporate social responsibility seems to work best where government governance capacity and institutions are strong when civil society has a well developed knowledge but in this case citizens are still far away from the concept of CSR and much work is needed to incorporate them as a one part of stakeholder for governance decision making. As companies attempt to exercise the socially responsible business practice and the government as well as other stakeholders develop regulations and make close follow up of the sustainability of the business. In addition the value chain has also a considerable contribution in ensuring the sustainability since companies are required to fulfill a certain criteria like MPS certification to perform a trade whether they are agreed or not.

Therefore, based on the interviews results one way or another CSR practice and the respective governance system has a possible linkage in deed in performing a good business practice in the industry with one party in an attempt to exercise ethical business practice and the other that guide and ensure the ethicality and sustainability of the business activities. The horticultural industry has significantly reduced the use of chemicals, especially pesticides. Some farms are using Synthetic fertilizers have been replaced by compost and organic manure. Moreover, fertilizers are usually not overused as they can cause a lower quality of flowers and costs a lot. However, the problems with waste water from greenhouse, particularly from pesticide application are still Exists. Finally, the cost challenge is one of the factors for not being implanting different CSR Programs specially in respect to environments issues .Since it need a lot of money to engage.

5.2 Recommendations

Based on the analysis of the Ethiopian horticultural industry regarding to CSR practice the most important recommendations are set forth as issues to be considered in the futures interventions; Ethiopia is one of the developing countries in Africa. The country's flower boom is ultimately based on the country's geography topology in which flowers are cultivated around the Great Rift Valley in a place where there is so optimal sunlight condition available. Floriculture like the other agricultural sector it is labor intensive. This advantage becomes a means for thousand of local people to have a job as it contributes for reducing poverty in the country. Moreover, it generates a considerable amount of foreign currency. These two aspects play a role in contributing Sustainable development considering the industries effects on economic sustainability. Due to this the government of Ethiopia encourages flower farm investors through giving of incentives considering also the CSR programs implemented. Incentives for CSR activities may includes extending of tax holiday year, tax free, recognitions, etc

From the three pillars it is observed that CSR environmental activities are very minimal in comparing with economic and social and the major and most negative factor of the flower is focused on environmental issue. Despite advantages, negative aspects are existed behind the industry which hindered from the production of sustainable flower. The country has a history of a deadly cycle of drought and famine for the decades due to environmental degradation. To come up with a solution the government with the collaboration of stakeholders especially trade union, EHPEA, EHDA provides a set of rules and regulation for production of sustainable flower production or just legalization or make forceful EHPEA code of practice so that companies are strict adherence to these standards (since it is now a voluntary) or the government should have to apply the new legislation and familiarize with EHPEA code.

Farms should have to involve of employees and community leaders in the CSR process and evaluation so that all of them have common understanding and responsibility that will enhance to have an effective CSR programs.

The EHPEA and Agency should have to work jointly to create more awareness to the farms CSR programs by promoting CSR by experience sharing between farms in Ethiopia, flower farms in

other producer countries, actors in other industry sectors and specialist expertise available locally and internationally.

Establishing innovative environment: A continuing dialog with stakeholders represents a valuable tool for the prediction of new trends and possible areas of interest to the business. It allows farms to better understand complexity of the business environment and current market trends and helping them to properly put together their future strategic plans.

Based on results of own research, researchers' professional knowledge and experience, and review of professional literature, the researcher proposed and prepared a set of ten steps for turning all this into action, i.e. implementing CSR into farms company. Proposed implementation ten-step approach is based on the well-known PDCA concept by (Deming ,2000): Plan = plan ahead; Do = execute your plan; Check = evaluate the results; Act = act on the results by trying to improve. The individual steps are following: 1. Management commitment to CSR; 2. Identifying of key Stakeholders 3. Analysis of current situation; 4 setting of values and Principles 5. Setting of objectives and CSR approach; 6. Preparation of action plan 7. Implementation phase; 8. Monitoring of CSR; 9. Communication and reporting on CSR; and 10. Preparation and implementation of improvement measure. It will take much hard work to develop a comprehensive CSR approach tailored to current and future needs and situation of a given farms. However, partnerships and good scope of joint activities including government, civil society, non-profit sector and private sector can significantly contribute to the success.

This research area seems to be fully untouched, and needs to be done or exploit by other interested party with more effort and resources considering a firsthand empirical data from all stakeholders within the industry in order to come up with a better result. Moreover it gives a clue and opens an opportunity for students, researchers and stakeholders to analyze, discuss on the current issue of CSR of the industry.

BIBLIOGRAPHY

- Aamir Sohail, Kashif Shahzad, Ishtiaq Ahmad Din, Prof. Ian Robson, 2008: The role of corporate social responsibility to create positive positioning in the branding of a Country and particular to Pakistan, Blekinge Institute of Technology School of Management Ronneby, Sweden,
- Afrogadaa (2010), the Impact of Flower Industry in Oromia, Ethiopia, [Online] Available: <http://iloapp.afrogadaa.org/blog/flowerindustry,Home> [2011-03-10]
- Angeloantonio R & Francesco P (2009), Investigating Stakeholder Theory and Social Capital: CSR in Large Firms and SMEs (Springer Netherlands).
- Andrew W. & Karl W. (2006), The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success – and How You Can Too (Jossey-Bass A Wiley Imprint)
- Barrientos, S., Dolan, C., and A. Tallontire (2003) 'A Gendered Value Chain Approach to Codes of Conduct in African Horticulture', World Development 31.9:1,511-26.
- Bedada, Samson Mechale and Eshetu, Messay Shiibre, (2011), study on CSR practiced in the Ethiopian Floriculture Industry, and does it have a linkage with the governance Karlstad University Department of Business administration
- Belwal, R. & Chala, M. (2008), "Catalysts and barriers to cut flower export: A case study of Ethiopian floriculture industry", International Journal of Emerging Markets, Vol. 3 Iss: 2, pp.216 – 235
- Blowfield M, A. Malins, and C. Dolan (1998), Kenya Flower Council, Support to Enhancement of Social and Environmental Practices: Report of the Design Mission. Mimeo. Chatham: NRI.
- Blowfield, M., & Murray, A. (2008). Corporate responsibility: A critical introduction. New York, NY: Oxford University Press.
- Carroll, A. (2008). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. In J. Burchell (Ed.), The corporate social responsibility reader (pp. 90,97). New York, NY: Routledge.
- CBI Market Information Database • URL: www.cbi.eu • Contact: marketaccess@cbi.eu • www.cbi.eu/disclaimer International guidelines: ISO 26000 on Social Responsibility

- Carroll, A. (1991) 'The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders', *Business Horizons*, Vol. 43, No. 4, pp. 39-48
- Carroll, A. B. (1979) 'A Three-Dimensional Model of Corporate Performance', *Academy of Management Review*, Vol. 4, No. 4, pp. 497-505
- Carroll, A. B (1999) 'Corporate Social Responsibility' *Business and Society*, Vol. 38, No. 3, pp. 268-295
- Dobers, P. (2009). Corporate social responsibility: Management and methods *Corporate Social Responsibility and Environmental Management*, 16 (4), 18,191. Retrieved April 26, 2012, from Business Source Complete. doi: 10.1002/csr.201
- Doorey, D.J. (2011). The transparent supply chain: From resistance to implementation at Nike and Levi-Strauss. *Journal of Business Ethics*, 103 (4), 587-603.
- Ethiopian Horticulture Development Agency (EHDA) statically bulletin, issue 01,October,2012
- Ethiopian council of Ministry Regulation No.207/2011 on code of practice of the floriculture sector page -5924
- Ethiopian Horticulture Producer Exporters Association (EHPEA) (2007), Code of Practice for sustainable Flower production, Bronze Level, Version 2.0.[Online] Available <http://edepot.wur.nl/5301> [2011-04-15] and <http://www.ehpea.org>[2012-04-30]
- Ethiopian Horticulture Producer Exporters Association (EHPEA) (2007), *Code of Practice for sustainable Flower production, Bronze Level, Version 1.0.* [Online] Available: <http://edepot.wur.nl/5301> [2011-04-15]
- Ethiopian Review (2010), *Ethiopian flower export's 97% value never reaches Ethiopia*, [online] Available: <http://www.ethiopianreview.com/content/29573> [2011-03-28].
- Edwin M. Epstein, 2007).The Good Company: Rhetoric or Reality? *Corporate Social Responsibility and Business Ethics Redux*, 44 AM. BUS. L.J. 27
- Elkington, J. (1997) *Cannibals with Forks: The Triple Bottom Line of 21stCenturyBusiness*, Capstone Publishing, Oxford.
- Friedman, M. (1970) 'The Social Responsibility of Business is to Increase its Profits', *New York Times Magazine*

- Fougere, M., & Solitander, N. (2009). Against corporate responsibility: Critical reflections on thinking, practice, content and consequences. *Corporate Social Responsibility & Environmental Management*, 16,(4), 217-227. doi:10.1002/csr.204
- Getu, M. (2009), *Mizan Law Rev: Ethiopian Floriculture and its Impact on the Environment*, Vol.3, No 2. [Online] Available: <http://www.ajol.info/index.php/mlr/article/viewFile/54011/42554> [2011-04-28]
- Ghauri, P. and Grönhaug, K. (2005), *Research methods in business studies: A practical guide*. Prentice Hall.
- Gereffi, Gary. 1999. "International Trade and Industrial Upgrading in the Apparel Commodity Chain." *Journal of International Economics* 48 (1): 37-70.
- Halme, Minna, Laurila, Juha (2009), *Philanthropy, Integration or Innovation? Exploring the Financial and Societal Outcomes of Different Types of Corporate Responsibility*, *Journal of Business Ethics*, 84, 3, 325-339.
- Idowu, S.O. and Filho, W.L. (Eds.) (2009) 'Practicing corporate social responsibility in the United Kingdom', *Global Practices of Corporate Social Responsibility*, Berlin, Springer, pp.11–35.
- Jamali, D. Mirshak, R. (2007) 'Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context', *Journal of Business Ethics*, Vol. 72, pp. 243-262
- John Gerard Ruggie and Kytle, Beth. 2005. "Corporate Social Responsibility as Risk Management: A Model for Multinationals." *Corporate Social Responsibility Initiative Working Paper No. 10*
- Kaplinsky, R., Morris, M. (2001), *A Handbook for Value Chain Research*, Institute of Kristensen, R. (2005), *Corporate Codes of Conduct in Denmark – An Examination of their CSR Content*, Confederation of Danish Industries & Danish Institute for Human Rights, Copenhagen,
- Maignan, I. Ferrell, O.C. (2000) 'Measuring Corporate Citizenship in Two Countries: The Case of the United States and France', *Journal of Business Ethics*, Vol. 23, pp. 283-297

- Michael Hopkins ((2011) MHCi): A Planetary Bargain: Corporate Social Responsibility Comes of Age (Macmillan, UK, 1998) Updated by author July 2011
- Ministry of Agriculture and Rural Development (MoARD) (2010), Environmental Code of Practice for Agricultural Investment, the Federal Democratic Republic of Ethiopia, Addis Ababa, Ethiopia
- Mirvis, P. & Googins, B. 2006. *Stages of Corporate Citizenship*. California Management Review, 48:2, pp. 103-126.
- Mothy F. Slaper (2011), the Triple Bottom Line: What Is It and How Does It, Work?[Online]Available: <http://www.ibrc.indiana.edu/ibr/2011/spring/pdfs/article2.pdf> [2011-04-30]
- Muthuri (2007), Judy. Corporate Citizenship and Sustainable Community Development.M Fostering Multi-Sector Collaboration in Magadi Division in Kenya. London. International Centre for Corporate Social Responsibility
- Matten, D., and. Crane A,(2005). ‘Corporate Citizenship: Toward an Extended Theoretical Conceptualization’, London Academy of Management Review 30.1: 166-79.
- Pirsch, J., Gupta, S., & Grau, S. L. (2007). A Framework for Understanding Corporate Social Responsibility Programs as a Continuum: An Exploratory Study. Journal of Business Ethic. 70(2): 125-140
- Ronald Bown,(2006) President, Chilean Fruit Exporters Association (at GRI G3 launch, October 2006
- Rogers, J., Simmons, E.,Convery, I., & Weatherall, A. 2008.Public perceptions of opportunities for community based renewable energy projects
- Sandra Waddock and Andreas Rasche (Stanford, 2012). ... the Corporate Responsibility Movement (Greenleaf Publishing,
- Sexsmith, K. & Potts, J. (2009), *Voluntary Sustainability Standards and Economic Rents: The economic impacts of voluntary sustainable standards along the coffee, fisheries and forestry value chain*
- Sexsmith, Kathleen, 2008, “Power Relations in the Fair Trade Coffee Global Value Chain,” Queen Elizabeth House MPhil Thesis:University of Oxford

- Savitz, Andrew, and Karl Weber (2006), managing corporate social responsibility initiatives. *The Triple Bottom Line: How today's Best-Run Companies Are Achieving Economic, Social, and Environmental Success*, san Francisco
- Swift, Tracey and Zadek, Simon (2002). Corporate social responsibility and the competitive advantage of nations.
- Shewhart, Deming (2000) or Deming cycle (62 it consists of the ... Quality concepts for business data 23 Deming's (PDCA) Cycle
- Sprinkle, G. B. and L. A. Maines. 2010. The benefits and costs of corporate social responsibility. *Business Horizons* 53:445-453.
- Tallontire, A. & Greenhalgh, P. (2005), *Establishing CSR Drivers in Agribusiness*, Final Report for Foreign Investment Advisory Service International Finance Corporation and World Bank
- Taylor, B. (2010), *Labour Patterns in Export Floriculture: The Case of the Ethiopian Flower Industry*
- Thomas Laudal, (2011) "Drivers and barriers of CSR and the size and internationalization of firms", *Social Responsibility Journal*, Vol. 7 Iss: 2, pp.234 – 256
- Van Marrewijk M. 2003. Concepts and definitions of CSR and corporate sustainability: between agency and communion. *Journal of Business Ethics* 44: 95–105.
- Waddock, S. A. & Graves, S. B. 1997. The corporate social performance-financial performance link. *Strategic Management Journal*, 18(4): 303-319.
- William, R. (2010), *Tools, Techniques & Approaches for sustainability: Collected writings in environmental assessment policy and management*, World Scientific publishing Co. pte. Ltd
- Wood, (1991) 'Corporate Social Performance Revisited', *Academy of Management Review*, Vol. 16, No. 4, pp. 691-718

APPENDICES

Appendix I

Questionnaire on Corporate Social Responsibility

Date_____

Company Name _____

Position_____

Contact Address_____

Dear Participant,

First of all I would like to thank you for your participation. I would like to receive some additional information regarding the corporate social responsibility practices of flower farms which are operating in Ethiopia. Your company is selected for this study as one of flowers producer and exporter in Ethiopia. The concept of CSR is a new and has been used in the current business world. Corporate social responsibility (CSR) can be defined as the "economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". It means that organizations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law.

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

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

Sincerely yours;

TEDLA ZEGEYE tedlazgt@yahoo.com

QUESTIONNAIRE

Research on Corporate Social Responsibility in Ethiopian Floriculture

NAME OF COMPANY: _____

PLEASE PUT ✓ IN THE BOX FOR YOUR CHOICE AND GIVE A DESCRIPTION IF ANY

Q 1-4 Details of the respondent

1. GENDER.

MALE FEMALE

2. AGE:

18 - 30 30 – 51 50 AND ABOVE

3. EDUCATIONAL QUALIFICATION:

ESSCE , DIPLOMA , BSc /BA , MBA/PhD OTHER

4. HOW LONG HAVE YOU BEEN WITH THIS ORGANIZATION?

0 – 4 YRS , 4 – 10 YRS, 10 AND ABOVE

5. DOES YOUR ORGANIZAION HAVE A CORPORATE SOCIAL RESPONSIBILITY PROGRAM OR UNDERTAKE ACTIVITIES THAT WOULD BE CONSIDERED AS CSR?

[Please note that this may be called corporate citizenship/corporate responsibility/ethical business... in your company]

YES NO DO NOT KNOW

6. IS YOUR SOCIAL CORPORATE RESPONSIBILITY ACTIVIIES INCORPORATED INTO YOUR ORGANIZATION POLICY AND OR YOUR FARM MANAGEMENT PLAN?

YES NO DO NOT KNOW

7. If “YES “IN WHICH ORGANISATIONAL FUNCTION DOES THE RESPONCIBILITY FOR CSR PROGRAMS ACTIVITIES LIE?

- HUMAN RESOURCE
- PUBLIC RELATIONS/COMMUNICATIONS
- MARKETING AND SALES
- CORPORATE AFFAIRS
- OPERATIONS MANAGEMENT
- OTHER (PLEASE SPECIFY)

8. HOW IS CSR ORGANIZED IN YOUR COMPANY? (Please choose ALL that apply)

- WE HAVE A CSR MANAGER
- WE HAVE A CSR COMMITTEE
- WE HAVE A BOARD MEMBER WITH SPECIFIC RESPONSIBILITY FOR CSR

POLICY

- EACH FUNCTION DIRECTOR (E.G. HUMAN RESOURCE DIRECTOR) HAS RESPONSIBILITY FOR OUR CSR POLICY
- WE DO NOT HAVE A BOARD MEMBER WITH SPECIFIC RESPONSIBILITY FOR OUR CSR POLICY OR PLAN
- OTHER (please specify)

9. PLEASE RANK THESE STAKEHOLDERS IN ORDER OF IMPORTANCE FOR YOUR COMPANY'S CSR ACTIVITIES IMPLEMENTATION

(Please enter a number next to each stakeholder: 1=most important, 10=least important)

- CUSTOMERS
- GOVERNMENT
- SUPPLIERS
- EMPLOYEES
- NGOs
- INVESTORS
- MEDIA
- COMMUNITIES
- BUSINESS COALITIONS
- EHPEA

10. WHAT IS YOUR ORGANIZATION MAIN OBJECTIVE TO ENGAGE IN CORPORATE SOCIAL RESPONSIBILITY PROGRAMS? ONLY ONE.

- A. GOOD PUBLIC IMAGE
- B. MARKETING AND ADVERTISING STRATEGY
- C. REDUCING GOVERNMENT PRESSURE AND IMPROVEMENT OF SECTOR IMAGE WITH THE REGULATORS
- D. EMPLOYEE SATISFACTION
- E. BENEFIT LOCAL COMMUNITY & PROTECTION OF ENVIRONMENT
- F. IMPROVE COMPETITIVE ADVANTAGE,
- G. PRODUCTIVITY AND BUSINESS OPPORTUNITY
- H. GAIN SUPPORT OF COMMUNITIES, MARKET & STAKEHOLDER

11. HOW CAN STAKEHOLDERS (LIKE EMPLOYEES, CUSTOMERS AND COMMUNITY AND OTHERS) LEARN ABOUT THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY PROGRAMS?

- ANNUAL COMPANY REPORT EXTERNALLY AUDITED REPORT
- AUDITED COMPANY REPORT ANNUAL/SOCIALSUSTAINABILITY REPORT
- OTHER (PLEASE SPECIFY)

12. DOES THE ORGANIZATION'S INVOLVEMENT IN CSR HAVE ANY EFFECT ON THE COMPANY PERFORMANCE? YES NO DO NOT KNOW IF "YES" WHAT IS THE NATURE OF THE EFFECT? FAVOURABLE UNFAVOURABLE)
13. WHAT BENEFIT PLANS DOES YOUR COMPANY OFFER TO EMPLOYEES? TRAINING AND CAPACITY BUILDING JOB RELATED TRAINING COLLECTIVE BARGAINING CANTEEN OTHER PLEASE SPECIFY _____
14. WHAT TYPE OF PROJECTS ACTIVITIES HAS YOUR COMPANY ASSISTED THE LOCAL COMMUNITY? ROADS/TRANSPORT SOCIAL FACILITIES HEALTH AND WELFARE UTILITIE SPORTS FACILITIE SKILLS TRAINING/EDUCATION OTHER PLEASE SPECIFY _____
15. WHICH OF THE FOLLOWING MEASURES HAS YOUR COMPANY ADOPTED TO REDUCE ENVIROMENTAL IMPACT? ENERGY SAVING WATER RECYCLING MOBILITY MANANGMENT (CAR POOLING, CAR SAHRING) SUSTAINABLE PACKAGING DEVELOPE OF ENVIRONMETAL FRIENDS INPUTS/PRODUCT LIFE CYCLE ASSESSMENT PROCESS MANAGEMNT OF ENVIRONMETAL SYSTEM USE OF RENEWABLE RESOURSEC INTEGTTATED PEST MANAGEMENT SYSTEM (IPM) OTHERS (specify) _____
16. IS 'YOUR' /THE SECTOR CODE OF CONDUCT MODELLED ON INTERNATIONAL, NATIONAL OR INDUSTRY STANDARDS? (Please tick ALL that applies). INTERNATIONAL NATIONAL INDUSTRY OTHER (please specify)
17. DOES ORGANIZATION CORPORATE SOCIAL RESPONSIBILITY ACTIVIIITIES IMPROVE THE ORGANIZATIONS PRODUCTIVITY? YES NO DO NOT KNOW
18. DO YOU THINK YOUR ORGANIZATION SOCIAL RESPONSIBILITY INITIATIVE HAS AN IMPACT ON ETHIOPIAN ECONOMY AND ITS COMMUNITY?

YES NO DO NOT KNOW

19. DOES YOUR COMPANY HAVE A SUITABLE ARRANGMENT FOR HEALTH & SAFETY AND WELFARE THAT PROVIDE SUFFICIENT PROTECTION FOR YOUR EMPLOYEES?

YES NO DO NOT KNOW IF YES,

HOW _____

20. DOES YOUR COMPANY WORK TOGETHER WITH THE BUYERS OR IS YOUR COMPANY ACCOUNTABLE FOR OTHER COMPANIES OR AUTHORITY NEED TO ADDRESS AN ISSUE RELATED TO CORPORATE SOCIAL RESPONSIBILITY?

YES NO DO NOT KNOW

IF YES, FOR WHICH ORGANIZATION/GOVERNMENTAL ENTITY

21. DOES GOVERNMENT INTERVENE IN YOUR CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES?

YES NO DO NOT KNOW

22. IF YES, HOW OFTEN?

VERY OFTEN , QUITE OFTEN OFTEN NOT OFTEN

23. WHAT ARE THE MAIN INTERNAL AND EXTERNAL DRIVING FORCE TO PRACTICE CSRYOUR COMPAN'S (PLEASE LIST SOME)

INTERNAL DRIVING FORCES

A. _____

B. _____

EXTERNAL DRIVING FORCES

C. _____

D. _____

24. PLEASE RANK HOW IMPORTANT IS EACH OF THE FOLLOWING MOTIVATING FACTORS FOR YOUR COMPANY CRS?

1. VERY IMPORTANT 2. IMPORTANT 3. MODERATELY IMPORTANT 4. UNIMPORTANT

A. CSR POLICY IMPROVES COMPETITIVENESS

1 2 3 4

B. CSR GIVES US SOCIAL AND POLITICAL LEGITIMACY

1 2 3 4

C. CSR IMPROVES OUR FINANCIAL PERFORMANCE

1 2 3 4

D. CSR IS MORALLY 'THE RIGHT THING TO DO'

1 2 3 4

E. CSR MITIGATES RISKS

1 2 3 4

F. CSR HELPS IMPROVE THE COMPANY'S IMAGE

1 2 3 4

G. CSR ENHANCES COMPANY INNOVATION

1 2 3 4

H. CSR CONTRIBUTES TO SOLVING SOCIAL AND ENVIRONMENTAL PROBLEMS

1 2 3 4

I. CSR INCREASES EMPLOYEE MOTIVATION AND ORGANIZATIONAL
COMMITMENT

1 2 3 4

J. CSR ENHANCES OUR REPUTATION

1 2 3 4

K. CSR PREVENTS AND/OR MITIGATES NEW REGULATIONS

1 2 3 4

L. CSR SATISFIES NGOS AND PRESSURE GROUPS IN SOCIETY

1 2 3 4

25. WHICH ARE IN YOUR OPINION PROBLEMS RELATED TO THE DEVELOPMENT OF
INITIATIVES IN THE FIELD OF CSR BY YOUR COMPANY?

[LEVEL OF IMPORTANCE]

A. LACK OF KNOWLEDGE 1 2 3 4 5

B. LACK OF INSTITUTION ASSISTANCE 1 2 3 4 5

C. LACK OF SPECIFIC LEGISLATION ON CSR 1 2 3 4 5

D. BUSINESS BENEFITS NOT IMMEDIATE 1 2 3 4 5

E. HIGH COSTS 1 2 3 4 5

F. LACK OF CORPORATE SKILL 1 2 3 4 5

G. LITTLE IMPACT ON SOCIAL AND ENVIRONMENTAL
BUSINESS 1 2 3 4 5

H. FEW INTEREST OF THE COMPANYS 1 2 3 4 5

Appendix II

INTERVIEW QUESTIONS

TO ETHIOPIAN HORTICULTURE PRODUCER EXPORTER ASSOCIATION (EHPEA)

1. HOW EHPEA IS MANAGED AND CONTROLLED? (IS IT ON A GLOBAL BASIS, ON A REGIONAL, COUNTRY OR BUSINESS LINE BASIS OR SOME COMBINATION OF THESE?)
2. WHAT IS THE MAIN GOAL OF EHPEA?
3. TO WHOM IS THE ASSOCIATION ACCOUNTABLE FOR?
4. HOW IS EHPEA RESPONSIBLE FOR VOLUNTARY CORPORATE SOCIAL RESPONSIBILITY PRACTICE OF THE HORTICULTURE INDUSTRY IN ETHIOPIA?
5. WHAT MEASURING DOES EHPEA USE FOR THE CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF COMPANIES?
6. DOES EHPEA ASSESS COMPANIES' CORPORATE SOCIAL RESPONSIBILITY ATTAINMENT FROM END-TO-END? (I.E. COMPANIES EXTENDED VIEW OF THE VALUE CHAIN, UPSTREAM TO SUPPLIER RELATIONSHIPS AS WELL AS DOWNSTREAM TO CHANNELS LIKE CUSTOMERS RELATIONSHIP AND THE ULTIMATE END USERS)
7. WHAT KIND OF MONITORING AND FOLLOW UP PROCEDURES ARE USED?
8. WHAT MEASURES WILL EHPEA TAKE IF THE CODE REQUIREMENTS ARE NOT MET? IS THERE ANY YET?
9. DOES THE ASSOCIATION ALLOW STAKEHOLDERS PARTICIPATION? HOW?
10. DOES THE ASSOCIATION HAVE A SYSTEM FOR FEEDBACK FROM STAKEHOLDERS? , HOW?
11. DOES EHPEA REQUIRE COMPANIES TO INCORPORATE THE CORPORATE *SOCIAL RESPONSIBILITY REPORTS IN THEIR ANNUAL REPORT*
12. DOES THE ASSOCIATION FACE ANY DIFFICULTY IN LIMPLEMENTING CODE FOR THE COMPANIES? IF SO HOW AND WHAT ACTIONS ARE PLANNED TO OVERCOME THE PROBLEM?
13. WHAT IS THE MAIN BENEFIT OF MEMBERS FOR BEING AS A MEMBER FOR THE ASSOCIATION?
14. HOW DO YOU SEE THE ROLE OF VOLUNTARY INDUSTRY STANDARDS Vs GOVERNMENT REGULATION IN PRACTICING OF CSR ATFARMS?
15. WHAT METHODOLOGY IS APPLIED BY ASSOCIATION IN PROMOTING OF CSR PRACTICE AT THE INDUSTRY LEVEL?
16. IN FUTURE WHAT PLANS ARE EHPEA IS LOOKING AHEAD IN RESPECT OF CSR?
17. HOW EHPEA IS IMPEMENTING CODE OF PRACTICE AND OTHERMARKET AND INTERNATIONAL STANDARDS REQRUMENTS?
18. HOW IS THE EHPEA CODE SUPPORTED AND GOVERNED?

Appendix III

INTERVIEW QUESTIONS

TO ETHIOPIAN HORTICULTURE DEVELOPMENT AGENCY (EHDA)

1. HOW EHDA IS ESTABLISHED AND REGULATED?
2. WHAT IS THE MAIN GOAL OF EHDA?
3. TO WHOM IS THE EHDA DIRECTLY ACCOUNTABLE FOR?
4. HOW IS EHDA RESPONSIBLE FOR VOLUNTARY CORPORATE SOCIAL RESPONSIBILITY PRACTICE OF THE HORTICULTURE INDUSTRY IN ETHIOPIA VS REGULATION?
5. DOES EHDA ASSESS COMPANIES' CORPORATE SOCIAL RESPONSIBILITY ATTAINMENT FROM END-TO-END? (I.E. COMPANIES EXTENDED VIEW OF THE VALUE CHAIN, UPSTREAM TO SUPPLIER RELATIONSHIPS AS WELL AS DOWNSTREAM TO CHANNELS LIKE CUSTOMERS RELATIONSHIP AND THE ULTIMATE END USERS)
6. WHAT KIND OF GOVERNMENT INCENTIVES ARE PROVIDED FOR FARMS TO PRACTICE CSR?
7. WHAT KIND OF MONITORING AND FOLLOW UP PROCEDURES ARE USED?
8. DOES THE EHDA ALLOW STAKEHOLDERS PARTICIPATION? HOW?
9. DOES THE EHDA HAVE A SYSTEM FOR FEEDBACK FROM STAKEHOLDERS? , HOW?
10. DOES THE EHDA FACE ANY DIFFICULTY IN IMPLEMENTING EHPEA CODE FOR THE COMPANIES? IF SO HOW AND WHAT ACTIONS ARE PLANNED TO OVERCOME THE PROBLEM?
11. HOW DOES EHDA SUPPORT THE ASSOCIATION /FARMS IN RELATION TO ENVIRONMENT AND COMMUNITIES PROJECTS?
12. HOW DO YOU SEE THE ROLE OF VOLUNTARY INDUSTRY STANDARDS Vs GOVERNMENT REGULATION IN PRACTICING OF CSR AT FARMS?
13. WHAT METHODOLOGY IS APPLIED BY EHDA IN PROMOTING OF CSR PRACTICE AT THE INDUSTRY LEVEL?
14. IN FUTURE WHAT PLANS ARE EHDA AS LOOKING AHEAD IN RESPECT OF CSR?
15. DO YOU THINK THAT FARMS CSR CONTRIBUTE FOR COUNTRY EARNING?

APPENDIX III

Lists of farms for sample study

	Farm Name	Location	Product
1	Almeta Impex PLC	Koka	F&V&H
2	Florensis Ethiopia PLC	Koka	Cuttings
3	Blen flowers plc	Koka	koka
4	Red Fox Ethiopia PLC	Koka	Cuttings
5	Desa Plants PLC	koka	
6	AQ Rose PLC-ZEWAY-Flower	Ziway	Flower
7	Ethio Flora PLC	Ziway	V&F&H
8	Ethiopian Cuttings	Ziway	Cutting
9	Herburg Roses PLC	Ziway	Flower
10	Sher Ethiopia plc	Ziway	
11	Ziway Roses PLC	Ziway	Flower
1	Dugda Floriculture Development PLC	Debrezite	Rose Flower
2	Friendship Flowers PLC	Debrezite	Flower
3	Joytech	Debrezite	Summer Flower
4	Minaye Flowers PLC	Debrezite	Rose Flower
5	Olij Flowers PLC	Debrezite	Flower
6	Roshanara Rose PLC	Debrezite	Flower
7	Spirit PLC	Debrezite	Summer Flower
8	Yassin Legesse Johnson Flower Farm	Debrezite	Flower
9	ZK Flower	Debrezite	Flower
10	Rainbow Colors PLC	Debrezite	Flower and vegetable
11	Maranque Plants PLC	MERTI	
12	Africa Juice Tibila S.C	NAZRETH	V&F
13	Jittu Horticulture PLC	DZ, Koka, Holeta, Hawassa, Tirurwuha	V & F
14	Vegpro Agriculture	Beshoftu	Cut flower
1	Agri Flora PLC	Holeta	Flower
2	Alliance Flowers PLC	Holeta	Rose Flowers
5	Bukito Agro Industry	Holeta	
6	Dire Highland Flower PLC	Holeta	Flower
7	Dream Flowers PLC	Holeta	Flower
8	Ethio Agri-CEFT	Holeta	Rose
9	Ethio Dream PLC	Holeta	Rose

10	Fiyori Ethiopia PLC	Holeta	Flower
11	Flowerama PLC	Holeta	Flower
12	Freesia Ethiopia PLC	Holeta	Summer Flower
13	Holeta Rose PLC	Holeta	Flower
14	Joe Flowers PLC	Holeta	Rose
15	Gallica Flowers PLC.	Holeta	Flower
16	Linssen Rose	Holeta	Flower
17	Marginpar Ethiopia PLC	Holeta	Summer Flower
18	Metrolux Flowers	Holeta	Flower
19	Rose Ethiopia PLC	Holeta	Rose
20	Supra Flower PLC	Holeta	Flower
1	ET-Highland Flora PLC	Sebeta	Rose
2	Ethiopassion Agro PLC	Sebeta	Flower
3	EWf-Flowers PLC	Sebeta	Cutting
4	Golden Rose Agro Farm Ltd	Sebeta	Flower
5	Lafto Roses PLC	Sebeta	Rose Flower
6	Tinaw Business S.C.	Sebeta	Rose
7	TAL Flowers PLC	Sebeta	Summer Flower
8	Enyi Ethio Rose	Sebeta, AWASH MELKA	Rose