



**ST. MARRY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY  
IMPLEMENTATION IN CEMENT FACTORY OF ETHIOPIA:  
(THE CASE OF MUGER CEMENT FACTORY, ADA'A-BARGA DISTRICT,  
WEST-SHOA ZONE, OROMIA)**

**BY**

**Assefa Tilahun Debele.**

**Advisor: Taye Amogne (PhD)**

**May 2021**

**Addis Ababa, Ethiopia**

**ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY  
IMPLEMENTATION IN CEMENT FACTORY OF ETHIOPIA:  
THE CASE OF MUGER CEMENT FACTORY, ADA'A-BARGA DISTRICT,  
WEST-SHOA ZONE, OROMIA.**

**Submitted by: Assefa Tilahun Debele**

**ID: SGS/0496/2007 A**

**A Thesis Submitted to the School of Graduate Studies of St. Mary's University  
Department of Business Administration in partial fulfillment of the requirement for  
the degree of Masters in General Business Administration**

**May 2021**

**Addis Ababa, Ethiopia**

# Approved by Board of Examiners

\_\_\_\_\_  
**Dean, Graduate Study**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Advisor**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**External Examiner**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Internal Examiner**

\_\_\_\_\_  
**Signature**

## DECLARATION

I Assefa Tilahun Debele, declare that this study entitled as “Assessment of Corporate Social Responsibility Implementation in Cement Factory of Ethiopia: (The Case of Muger Cement Factory, Ada’a-Barga District, West Shoa Zone, Oromia)”, is my own work.

I have carried out the research work independently with the guidance and support of the research advisor. This study had not submitted to any degree/diploma in this or any other institution. It has done in partial fulfillment of Masters Degree in General Business Administration.

Name of Student: Assefa Tilahun Debele.

Signature\_\_\_\_\_

Place: Addis Ababa

Date: May 31, 2021

## ENDORSEMENT

This is to certify that Assefa Tilahun has carried out his research work on the topic entitled “Assessment of Corporate Social Responsibility Implementation in Cement Factory of Ethiopia:(The Case of Ada’a-Barga District, West Shoa Zone, Oromia)”, this work is original in nature and is suitable for submission to the award of Masters Degree in General Business Administration.

Name of Advisor: Dr. Taye Amogne:

Signature: \_\_\_\_\_

Place: Addis Ababa.

Date: \_\_\_\_\_

# Table of Contents

Table of Contents	Page
<b>CHAPTER ONE : INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the study.....	1
1.2 Statement of the problem.....	5
1.3 Research Objectives.....	7
1.4 Research Questions.....	7
1.5 Significance of the study.....	8
1.6 Scope of the study.....	8
1.7 Organization of the paper.....	9
<b>CHAPTER TWO: LITRATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction.....	10
2.1.1 Corporate Social Responsibility.....	10
2.2 The Triple Bottom Line (TBL).....	11
2.3 Economic Performance, & Distribution.....	12
2.3.1 Financial Perspectives.....	13
2.3.1.1 Profitability Ratios.....	13
2.3.1.1.1 Profitability in relation to Sales.....	14
2.3.1.1.1.1 Gross Margin.....	14
2.3.1.1.1.2 Profit Margin.....	14
2.3.1.1.2 Profitability in relation to Investment.....	14
2.3.1.1.2.1 Asset Turnover.....	14

2.3.1.1.2.2 Return on Investment.....	15
2.3.1.1.3 Net Sales growth.....	15
2.3.1.1.4 Investment in Social Responsibility Activities.....	15
2.3.1.1.5 Cost minimization.....	16
2.3.2 Customer Perspective.....	17
2.3.2.1 Market Share Growth rate.....	17
2.3.3 Internal process.....	17
2.3.3.1 Energy Management.....	17
2.3.3.2 Water Management.....	18
2.3.3.3 Labor Productivity.....	18
2.3.4 Learning and Growth.....	18
2.3.4.1 Employee Training and Education.....	19
2.4 Environmental Protection Performances.....	20
2.4.1 Air and Dust Emission Reduction.....	20
2.4.1.1 Emission Factors.....	23
2.4.1.1.1 Clinker Emission Factor.....	23
2.4.2 Natural Resource management.....	28
2.5 Social Performance.....	29
2.5.1 Occupational Health & Safety.....	30
2.5.2 Labor-management Relationship.....	31
2.5.3 Work-related affects on Local Community.....	31
2.5.4 Community-Factory Relationship.....	32
2.6 Current Practices of Corporate Social Responsibility in Ethiopia.....	32

<b>CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY.....</b>	<b>36</b>
3.1 Research design .....	36
3.2 Sample and Sampling Technique.....	36
3.3 Research Methodology.....	36
3.4 Types of Data & Tools of Data Collection.....	36
3.4.1 Types of data.....	36
3.4.2 Tools of Data Collection.....	37
3.5 procedures of Data Collection.....	37
3.6 Methods of Data Analysis.....	37
<b>CHAPTER FOUR: RESULTS AND DISCUSSION.....</b>	<b>37</b>
4.1 Introduction.....	38
4.2 Organizational Background of Muger Cement factory.....	38
4.3 Results of Findings.....	39
4.3.1 Balanced Scorecard Analysis Results.....	39
4.3.1.1 Financial perspectives.....	39
4.3.1.1.1 Profitability Ratio Analysis.....	39
4.3.1.1.1.1 Profitability in relation to Investment.....	39
4.3.1.1.1.2 Profitability in relation to Sales.....	40
4.3.1.1.2 Net sales Growth Rate.....	40
4.3.1.1.3 Investment amount in Social Responsibility Activities.....	41
4.3.1.1.4 Cost Minimization.....	41
4.3.1.2 Customer perspective.....	42
4.3.1.2.1 Market Share Growth Rate.....	42
4.3.1.3 Internal processes.....	42



4.3.1.3.1 Energy Management.....	43
4.3.1.3.2 Water management.....	43
4.3.1.3.3 Labor Productivity.....	44
4.3.1.4 Learning and Growth.....	44
4.3.1.4.1 Investment in Employee Training and Education.....	44
4.3.2 Environmental Protection Performances.....	45
4.3.2.1 Source and amount of CO <sub>2</sub> emission .....	45
4.3.2.2 Natural Resource Management Practices.....	46
4.3.3 Social performances.....	47
4.3.3.1 Occupational Health and Safety.....	47
4.3.3.2 Labor-management Relationship.....	48
4.3.3.3 Work-related affects on Local Community.....	48
4.3.3.4 Local Community-Factory Relationship.....	48
4.4 Discussion .....	49
4.4.1 Balanced Scorecard Analysis Results .....	49
4.4.1.1 Economic Dimensions .....	49
4.4.1.1.1 Financial profitability.....	49
4.4.1.1.1.1 Profitability in relation to Investment.....	49
A) Asset Turnover Ratio.....	49
B) Return on Investment Ratio.....	49
4.4.1.1.1.2 Profitability in relation to Sales.....	54
4.4.1.1.1.3 Net Sales Growth Rate.....	50
4.4.1.1.1.4 Investment in Social responsibility Activities.....	51
4.4.1.1.1.5 Cost Minimization.....	51

<b>CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>56</b>
5.1 Conclusions.....	56
5.2 Recommendations.....	57
References.....	59
Appendices	

## ACKNOWLEDGMENTS

First, I would like happy to say Thanks to the ALMIGHTY God! I am here. Next, I owe debts of genuine heartfelt gratitude to all those who helped me in bringing this paper to completion. I have benefited greatly from the writings of scholars cited in the text and references of this thesis and I thank them for their ideas, which have undoubtedly influenced me. I want to use this occasion to thank and appreciate my advisor Taye Amogne (PhD) for the invaluable scholarly comments, unreserved guidance, and encouragement he has given me on the respective parts of this research paper. I also thank Muger Cement Factory Higher Officials; and Human resource department who have participated in filling the questionnaires and coordinating other's work by sharing their valuable time and experience which has high contribution that has brought about the successful realization of thesis. I also exerted my special thanks to Saint Marry's University Department of Business Administration. The last but not the least, I need to say thanks so much to my lovely wife W/ro Bizunesh Megersa and my children's (Hanna, Natna'el, and Biniyam Assefa). Without their involvement and support in all my life and study, it was very trouble to complete simply this course. Additionally, I am happy when I say thanks to my parents (My Father & Mother). Because their eagerness to my Master's Degree success was, highly motivate and push me to realize their ambition. Finally, I cannot forget the helps of my truehearted friend, Ato Mokonnin Daba, because of his valuable advices and sharing his intimate experiences without any acquisitive.

## **List of Abbreviations and Acronyms**

BSC-	Balanced Scorecard
CCS-	Carbon Capture and Storage
CFD-	Computational Fluid Dynamics
CKD-	Cement Kiln Dust
CO-	Carbon Monoxide
CO <sub>2</sub> -	Carbon dioxide
CPM-	Corporate Performance Management
CSR-	Corporate Social Responsibility
E.C.-	Ethiopian Calendar
ERP-	Enterprise Resource Planning
GRI-	Global Reporting Initiatives
IPCC-	Intergovernmental Panel on Climate Change
IUCN-	International Union for Conservation of Nature
IUCN-	International Union for Conservation of Nature
KWh-	Kilo Watt hour
MOI-	Ministry of Industry
NGO-	Non Governmental Organization
NO <sub>x</sub> -	Nitrogen Oxide
NO <sub>2</sub> -	Nitrogen dioxide
O <sub>3</sub> -	Ozone
OHS-	Occupational Health and Safety
OPC-	Ordinary Portland cement
PPC-	Pozzolana Portland cement
PM-	Particulate Matter
ROI-	Return on investment
SO <sub>x</sub> -	Sulfur Oxide
SO <sub>2</sub> -	Sulfur dioxide
SPSS-	Statistical Package for Social science

TBL-	Triple Bottom Line
USAID-	United States of America International Donation
WHO-	World Health Organization
WWF-	World Wide Fund for Nature

## List of Tables

Table No	Description	Page number
1	Factory's source of CO <sub>2</sub> emission	45
2	Emission Factor and contribution of each source of CO <sub>2</sub> emission	46

## List of Graphs

Graph Number	Description	Page number
1	Profitability of the factory in relation to investment	39
2	Profitability of the factory in relation to sale	40
3	Factory's sales growth rate	40
4	Amount of money invested to social responsibility purpose	41
5	Factory's cost minimization status	41
6	Factory's market share growth rate	42
7	Factory's energy management status	43
8	Factory's water management status	43
9	Labor productivity level of the factory	44
10	Status of Factory's investment in employee training and education	44

## Abstract

*The focus of this research is on the corporate social responsibility implementation in Cement Industry of Ethiopia, Oromia, West Shoa zone, Ade'a-Berga District. The major objective of this study is to assess the corporate social responsibility implementation of Muger Cement factory. The study has employed qualitative research strategy. The variables considered under this study are three factors: Economic, environmental, and social dimensions. The factory's three-year annual reports (2010-2012 E.C.) reviewed to assess the factory's economic, environmental, and social performance. The annual report has analyzed by using balanced scorecard performance measurement tool and financial ratio analysis to investigate the factory's profitability. Graphs and tables have used in data analysis. Major results of the study indicated that financial position of the factory is stands at risky point; the initiatives to decrease the emissions of CO<sub>2</sub>, and dust needs considerable attention from the factory. The main recommendation is that the factory should be proactive in controlling activities that could make vulnerable to financial loses; substitute and use modern technologies that could help to reducing environmental pollution problems. The factory should invest in employee capacity building and take active participation in community development activities to enhance community welfares through an organized, planned and in sustainable way.*

*Key words: Corporate Social responsibility implementation, Triple Bottom Line, economic, environmental, and social dimensions of CSR.*



## Appendix

### Muger Cement Factory plant & Limestone Quarry(2020)

