

**ANALYZING OF ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY: - IN
CASE OF HARAR BREWERY SHARE COMPANY**

LLM THESIS

BEKRI ABDELLA

**SEPTEMBER 2020
HARAMAYA UNIVERSITY, HARAMAYA**

**Analyzing of Environmental Corporate Social Responsibility in Case of Harar
Brewery Share Company**

**A Thesis submitted to the college of law,
Postgraduate Program Directorate**

HARAMAYA UNIVERSITY

**In Partial Fulfillment of the Requirement for the Degree of
LLM IN INTERNATIONAL ECONOMIC AND BUSINESS LAW**

By

Bekri Abdella

September 2020

Haramaya University, Haramaya

STATEMENT OF THE AUTHOR

By my signature below, I declare and affirm that this Thesis is my own work. I have followed all ethical and technical principles of scholarships in the preparation, data collection, data analysis, and compilation of this Thesis. Any scholarly matter that is included in the Thesis has been given recognition through citations.

This Thesis is submitted in partial fulfillment of the requirement for a Master of Law in International Economic and Business Law degree at the Haramaya University. The Thesis is deposited in the Haramaya University Library and is made available to the borrower under the rules of the Library. I solemnly declare that this Thesis has not been submitted to any other institution anywhere for the award of any academic degree, diploma or certificate.

Brief quotations from this Thesis may be made without special permission provided that accurate and complete acknowledgment of the source is made. Requests for permission for extended quotations from or reproduction of this Thesis in whole or in part may be granted by the Head of the School Department when in his or her judgment the proposed use of the material is in the interest of scholarship. In all other instances, however, permission must be obtained from the author of the Thesis.

Name: Bekri Abdella

Signature-----

Date: September 22, 2020

School: School of Graduate Studies

Department: Law

BIOGRAPHICAL SKETCH

The author was born in June 1 1979 in small village of sofi, sofi woreda Harari regional state from his father Ato Abdella Adem and his mother W/ro Fatuma Abdi . He attended his primary education at Sangaber primary school in Harar from 1987- 1994 E.C and he attended his high school education at Harar Senior secondary school from 1995 - 1996 E.C and Preparatory school from 1997-1998 at harar senior secondary school .Upon completion of his high school education and passing the Ethiopian Higher Education Entrance Certificate Examination (EHECE), he joined Jimma University in 1999 E.C school of law he graduated in 2003 . After completing his university carrier, he joined a government office called Harari regional state justice and security bureau as public prosecutor from 2004 ec-2006, Assigned high court judge at Harari regional state from 2006 up to 18/03/2012 and Assigned to Harari regional state Attorney general vice and joined Haramaya University college of law as a postgraduate students in International Economic and Business law3till this paper is prepared he is working there.

ACKNOWLEDGEMENT

First of all, I would like to thank my advisor, Mesganaw Kifilew(PHD) for his invaluable comments and suggestions which helped me in shaping and structuring this paper . Next, I am also very grateful to Adisu Tibebe Kumsa ,Wondeson Tilaye ,sulxan haji (dr),Fayo Mukter ,Najuma Mohamed ,Raji Usmael ,Fiqadu Zenaba ,Amad Abdi ,Usmael Jibro for thier invualable support in data collection through interview and staff members from College of Law in Haramaya University. I would also like to extend my gratitude to organizations like commission of forest, environment and climate change, Harari regional state forest and climate change Authority ,Harar brewery share company , Harari agriculture Buruae ,sofi woreda administration for thier honest cooperation in respondant interview period Finally, I would like to thank my family members especially Nuriya Reshid , Fenan Reshid , my father, my mother my sister and my brothers for their moral, enthusiastic and all rounded support during all process of this work.Above all I would like to thanks Allah for helping me I n all my endeavors .

LIST OF ACRONYMS AND ABBREVIATIONS

CO ₂	carbon dioxide
COD	Chemical Oxygen Demand
CP	Cleaner production
CSR	Corporate Social Responsibility
ECSR	Environmental corporate social responsibility
EPA	The National Environmental Protection Authority
ER	Environmental Reporting
ESIA	Environmental and Social Impact Assessment
EPA	Ethiopian Environmental Protection Authority
LCA	Life Cycle Assessment
ETP	Environmental treatment plants
FDRE	the Federal Democratic Republic of Ethiopia
FGD	Focus Group Discussion
GRI	Global Reporting Initiative
GTP	Growth and Transformation Plan
ISO	International Standards Organization
EIA	Environmental Impact Assessment
BOD	Biochemical Oxygen Demand
MNE's	Multinational Enterprises'
OECD	Organization for Economic Co-Operation and Development
SWHS	Sustainable water service in Harari regional state
TSS	Total Suspended Solids

APPROVAL SHEET	III
STATEMENT OF THE AUTHOR	V
LIST OF ACRONYMS AND ABBREVIATIONS	IX
ABSTRACT	XII
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2. Statement of the problem.....	6
1.3. Objective of the Study	10
1.3.1. General objective	10
1.3.2. Specific objective.....	10
1.4 Research Questions	10
1.5. Significance of the Study.....	11
1.6. Scope of the Study	11
1.7. Limitation of the Study	12
1.8. Research Methodology	12
1.8.1 Study Area	12
1.8.2 Research Design	12
1.8.3 Method of data Collection	12
1.8.3.2 Questionnaires	13
1.8.3.3 Focused Group Discussion (FGD).....	13
1.8.3.4 Observation.....	14
The researcher has tried to observe some activities related to ECSR at Harar Brewery industry and its outlets. This would be fully depending on the willingness of the management of the organization on the degree of freedom the researcher would get to access to pollution concerned functional unit of the industry.	
1.8.3.5 Sample selection	14
1.8.3.6. Method of Analysis.....	14
CHAPTER TWO.....	15
CONCEPTS OF ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY	15
2.1 Meanings and Concept of Corporate Social Responsibility	15
2.2. Strategic and Altruistic or Philanthropic CSR	20
2.3 Principles of Corporate Social Responsibility	22
2.4 Environmental Corporate Social Responsibility	23
2.4.1 Why Companies Engage in Corporate Social Responsibility Practices?	25

2.4.2. The Overall Effect of ECSR	29
CHAPTER THREE	42
POLICY AND LEGAL FRAMEWORK	42
3.1. Introduction	42
3.2. Policy and Legal Framework for Environmental Management	44
3.2.1. The constitution of Ethiopia	45
3.2.2. The Commercial Code	45
3.2.3. The Commercial code and shareholders primacy	46
3.2.4. Environmental policy of Ethiopia	49
3.2.5. Establishment of Environmental Protection Organs	49
3.2.5.1. Objective of Ethiopian Environmental Protection Authority	50
3.2.5.2. Environmental Impact Assessment	50
3.2.6. Environmental Pollution Control	50
3.2.7. Solid Waste Management	51
3. 2.8. Prevention of Industrial Pollution Regulation	51
3.2.10. Ethiopia’s Climate Resilient Green Economy Strategy	52
3.2.11. Investment Law	53
3.3. The Ethiopian GTP	55
3.4. Environmental Protection and Building Green Economy	56
4.4. How to Incorporate the Implementation of ECSR Activities in to the Countries Legislation?	78
CHAPTER FIVE	80
CONCLUSION AND RECOMMENDATION	80
5.1. Conclusion	80
5.2. Recommendations	81
REFERENCES	85

ABSTRACT

Environmental Corporate Social Responsibility is a concept, where companies put together environmental concerns in their business operations and the dealings with stakeholders, without compromising economic performance. The study aimed at analyzing the implementation of environmental corporate social responsibility activities-a case Harar Brewery. Corresponding to instruments of environmental corporate social responsibility and disclosure of environment as activities namely OECD Guidelines for MNEs, GRI, ISO 14001, ISO 26000 to address environmental issue (pollution). It is relevant to industries, especially for brewery industries to implement ECSR concepts, but also to get benefit from it. In relation to the methodology, purposive sampling technique was used in Harar Brewery industry. The study has been conducted on the basis of the qualitative research techniques to analyze the implementation of ECSR in the Harar brewery factory. Data's were collected through questionnaires, interviews, Focus Group Discussion and observation. Moreover, semi-structured interview has been also conducted with managers of Harar Brewery company through open ended questions which are designed to analyze the implementation of ECSR in Harar Brewery company and with different government levels and officials. Finally, the data collected through the questionnaires, interviews, Focus Group Discussion and observation, were coded, and analyzed and presented in the form of text. This thesis concludes with a discussion of the implications of these findings as well as recommendations for further research in the area. The local communities are much concerned about the environmental pollution in their area underpinned by over utilization of Jinella spring water and poor the Harar brewery company doesn't realize environmental protection contribution from ECSR implementation aspects to stakeholder and it needs the common efforts form different stakeholders including the community, environmental authorities and police departments.

Key Terms: *Corporate social responsibilities, environment, standards, environmental pollution.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility (hereafter referred to as CSR) is set of processes, customs, policies, laws and institutions affecting the way a corporation (company) is directed, administered and controlled. CSR has the potential to make positive contributions to the development of society and businesses. More and more organizations are beginning to see the benefits from setting up CSR program. The CSR progress is spreading over the world and in recent years a large number of methods and frameworks have been developed, the majority being developed in the West. There are many who have investigated the effects of globalization and global capitalism.¹

From the introduction CSR in the 1950s and beyond, the concept has gained significant acceptance and broader sense², argues that CSR gave business a role to play when facing serious social problems. The problems however, were much bigger than the ability of business to solve them. Thus, became considerably noticeable in the 1960s and 1970s when for example pollution control and equal employment opportunities were brought out³. Literature on CSR reveals that there are diverse definitions for the concept of CSR and a universally accepted definition doesn't exist⁴. The European commission defines CSR as 'Responsibility of enterprises for their impacts on society'⁵. CSR covers a wide variety of stake holder relations existing inside and outside of the company's operation.

¹ Kassaye Deyassa, *Corporate social responsibility From Ethiopian Perspective*, International Journal of Scientific & Technology Research, Vol.5, 299 (2016).

² Carrol A.B, *Corporate Social Responsibility: Evolution of A Definitional Construct*. *Business and Society*, Pp. 268 -295, 268 (1999)

³ Ibid

⁴ Ibid

⁵ European Commission, Communication from The European Economic and Social Committee and The Committee of The Regions: A Renewed Eu Strategy PP. 6(2011)

The main area of CSR is the protection of the environment. It is the governments who have assumed principal responsibility for assuring environmental management, and have focused on creating and preserving a safe environment.

However, the roles of sectors have been changing, with the private sector becoming an active partner in environmental protection. ECSR is an important and distinct part of the overarching concept of CSRED. This is the duty to cover the environmental implications of the company's operations, products and facilities; eliminate waste and emissions; maximize the efficiency and productivity of its resources; and minimize practices that might adversely affect the enjoyment as well as usability of the country 's resources by future generations⁶. ECSR focuses on firm-specific activities, both compliant and preventative, that limit the adverse environmental impact of these firms and implementing of environmental good practices often leads to a reduction of environmental risks related to possible environmental threats. There is a current view that those entities who reduce environmental risks and promote social disclosure could be considered to be potentially more sustainable, profitable, valuable and competitive. Entities that focus on the ECSR and Environmental reporting are likely to be forwarded with better performance as consumers are actually seek to trade with such entities. Not only this, a company that truly held environmental protection and sustainability need to had a comprehensive and consistent strategic management approach⁷.Government can help the development of ECSR by implementing some measures of control or framework while still allowing others to be voluntary because it is far from optional for businesses to observe rules and regulations. Again, since environment is a global issue, there are international instruments developed to be applied by industries to address environment problem created as a result of them.

⁶ Mazurkiewicz, Corporate Environmental Responsibility: Is A Common corporate social responsibility Framework Possible? World Bank Working Paper, P. 2. (2004).

⁷ Velasquez- Man Off M. Environmental Problems Need A Holistic Approach. The Christian Science Monitor, 2009.

Environment problems need a holistic approach operation. They are recommendations to be applied voluntarily, countries are started to incorporate in to their legislation to make mandatory and also member states to such instruments have the duty to promote environment issue. Among these international CSR instruments, OECD guidelines for MNEs, the UN Global Compact, ISO 14001, GRI.

ECSR had been accepted in developed world and corporate governance system plays a kin role in ensuring the ethical business practice, however, the idea of CSR is in the early developing stage in most of the developing countries like Ethiopia. ECSR is important for developing countries in which companies can help to ensure environmental protection and engage in activities that can contribute to the development of communities in which they operate business. However, the impacts of corporate activities on the environment is less regulated in developing countries because of weak regulatory systems due to different factors such as lack of adequate resource and skill.⁸

In Ethiopia, environmental issue incorporated in article 44 of the federal democratic republic of Ethiopian Constitution, the EPA established by Proclamation No 9/1995: and the first comprehensive statements of Environmental Policy approved in April 1997⁹. Also, Proclamation 295/2002 establishes the organizational requirements and identifies the need to establish a system that enables coordinated but different responsibilities of environmental protection agencies at federal and regional levels. The Proclamation indicates the duties of different administrative levels responsible for applying federal law then Followed by Proclamation No.299/2002 enacted to clarify scope monitoring and EIA enforcement mechanisms in Ethiopia. The Proclamation has made EIA to be a mandatory legal prerequisite for the execution of major development projects, programs and plans. This proclamation is a practical tool and a back bone to balancing and integrating environmental, economic, cultural, and social considerations into a decision-making process in a manner that promotes sustainable development in the country. Environmental Policy of Ethiopia contains detailed EIA regulations

⁸ Youzersif Tegene, Analyzing the Implementation of Environmental Corporate Social Responsibility and Disclosure of Environmental Activities-A Case of Blue Nile And Haffede Tannery A Project Paper Submitted To The School Of Graduate Studies Of Jimma University In Partial Fulfillment Of The Requirement For The Degree Of Master (LLM) In Investment And Commercial Law Pp.8 (2017) Unpublished

⁹ Epa, EIA Guideline Document, Addis Ababa, Ethiopia, (2002).

that stimulate EIA practice. Section 4.9 of the policy includes that EIA should include physical, biological, social, socio-economic, political and cultural impacts of the proposed project, and mitigation and contingency plans of impacts. A mention is also made about timing and auditing to ensure that EIA is done early and incorporated in the project design.

The constitution of Harari regional state enacted under article 44(1), that residence of the state has the right to clean and healthy environment¹⁰. Harari regional state environmental impact assessments proclamation 123/2006 explains the scope, monitoring and EIA enforcement mechanisms in the regional states.¹¹EIA is used to estimate and manage the environmental effects which a proposed development activity as a result of its design sitting, construction, operation, or an ongoing one as a result of its modification or termination, entails and thus helps to bring about intended development; prior to the approval of a public instrument it provides Assessment of impacts on the environment an effective means of balancing and integrate environmental, economic, cultural and social considerations into a decision making process in a manner that promotes sustainable development, The implementations of the environmental rights and objectives enshrined in the state Constitution would be fostered by the forecast and organization of likely adverse environmental impacts, and the maximization of their socio-economic benefits. EIA serves to brought administrative transparency and accountability, as well as to involve the public and, in particular, communities in the planning of and decision taking on developments which may affect them and their environment.¹²The introduction of industries on one hand manufactures useful products but at the same time generates waste products in the form of solid, liquid or gas that leads to the creation of hazards, pollution and losses of energy. Most of the solid wastes and waste-waters from industries are discharged into the soil and water bodies and thus ultimately pose a serious threat to man and routine functioning of ecosystem.¹³

¹⁰ Constitution of The Harari Regional State Proclamation, No.46/1998.

¹¹ Proclamation, No. 123/2006, Preamble of EIA Proclamation, Of Harari Regional State

¹² Ibid

¹³ Tariq Ali, M. And Shah, Characteristics of Industrial Effluents And Their Possible Impacts On Quality Of Underground Water, Soil & Environmental Science, Peshawar, Pp 64-69 (2006).

Water pollution and air pollution is serious problem globally involving the discharge of dissolved or suspended substances into groundwater, streams, rivers and oceans. A major source of pollution in developing countries is industrial activities and this has gradually increased the problem of waste disposal.¹⁴ Untreated wastes from processing factories located cities are discharged into inland water bodies resulting to stench, discoloration and a greasy oily nature of such water bodies. These wastes pose a serious threat to associated environment, including human health risks.¹⁵ Thus, there is need to control the pollution of surface and ground water since the public health and well-being of the people have a direct link with the accessibility of adequate quantity of good quality water.¹⁶ Brewery plants have been known to cause pollution by discharging effluent into receiving river, ground water and soil¹⁷. A terrifyingly increasing population, uncontrolled urbanization and various anthropogenic activities degrade surface and groundwater quality in Ethiopia. Most of the industries in Ethiopia are established very close to rivers. Beer production in the brewery industry involves three main steps: malting, brewing and fermentation. Currently, Ethiopian government doesn't have detailed standards in regulating the implementation of ECSR. The OECD Guidelines for MNEs, the GRI and the UN Global Compact are the world's foremost comprehensive, voluntary corporate responsibility initiatives. However, they are not developed or adopted in these industries to address environmental problems caused as a result of their operation which the researcher is going to address.

¹⁴ Olajumoke and et al, Assessment of Brewery Effluent on Water Quality in Majawe, Ibadan, South Western Nigeria. PP. 21

¹⁵ RahmanA, Lee Hk And Khan Ma, Domestic Water Contamination In Rapidly Growing Megacities Of Asia: Case Of Karachi, Pakistan. , Environmental Monitoring. (1997). P.356

¹⁶ Ipeaiyeda,Ar And Onianwa, Impact Of Brewery Effluent On Water Quality Of The Olosun River In Ibadan, Nigeria.Chemistry And Ecology, Pp189-204, (2009).

¹⁷ *Supra Note 12.*

Again, let alone a well-developed law and policy to regulate the implementation of ECSR and disclose environmental activities, it is not included as a program under the second growth and transformation plan (GTP II) 2015/16-2019/20 at least as implementation strategies to address social welfare economy. Not only this, there is no policy/practice (if any are not good enough) which require and regulate companies to engage in environmental responsible activities and report environmental activities. As to legislation, our company law doesn't put obligation on companies to implement ECSR and disclose environmental activities apart from addressing shareholders' interest. The new investment proclamation apart from creating conducive ground for investment (the companies), does say nothing about the environment. It does not put the obligation on the companies (especially pollutants such as brewery industries) to address environmental issues. This industry is one of the major profits earning in the manufacturing industry in Ethiopia. However, there is challenge in tapping its economic benefit with minimizing its pollution effect to the environment. It becomes a delicate balance to maintain practically both keeping the environment sustainable and the growth of the industry. Experience shows that implementing environmental policy of the country in harmony with the required growth of brewery industry is uneasy task for the government.

1.2. Statement of the problem

One of the basic elements of CSR which the researcher focuses among other things is the protection of environment within the operation of the industry because environmentally sound protection and active environmental and climate protection are essential components ECSR strategy.

Protecting and preserving the environment is central to achieving sustainable development and creating a better world for all today and for future generations which require the participation and responsibility of all including corporation. The impact of companies on social live and the environment is undeniable: First corporations are impacting social live through e.g. providing workplaces and producing goods¹⁸. Second production processes are producing externalities on the environment like e.g. polluted water, air pollution and waste¹⁹. Corporate action might have numerous kinds of negative impacts happening in the surrounding natural environment because of business operations. Such impacts might include: overuse of natural, non-renewable resources of energy, pollution wastage, and degeneration of biodiversity, climate change, deforestation and so forth²⁰. Although the Harar brewery industry (as a case study for my work) and its associated sectors contribute significantly to the Ethiopian economy, they blamed for environmental pollution (air, soil, and water) causing health problems for the surrounding urban and rural community including animals. It is right time that the country needs more research, innovative and practical solutions to manage its industrial development including the brewery industry in sustainable manner.

The challenge will become more evident in future when the economy is transformed to industrialization; unless the task of environment protection is started at the early step of the industrialization phases.²¹

¹⁸ Porter, M.E. & Kramer, M.R. (2006). *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility [Electronic Version]*. Harvard Business Review, December 2006, 78-94.

¹⁹ Bressers, H. Th. A. (2004). *Implementing sustainable development: How to know what works, where, when and how. (Chapter 10)*. In: Laferty, W.M. (Eds.) (2004). *Governance for Sustainable Development: The Challenge of Adapting Form to Function*. Edward Elgar Publishing: Cheltenham.

²⁰ Uddin MB, Hassan MdR, TariqueKMd. *Three Dimensional aspects of corporate social responsibility*. Daffodil international journal of Business and Economics. 2008; 3(1):199-212.

²¹Hunegnaw Abebaw, LEATHER INDUSTRY AND ENVIRONMENTAL CHALLENGES A Thesis Submitted to the School of Graduate Studies, Addis Ababa University, College of Business and Economics, Department of Public Administration and Development Management in Partial Fulfillment of the Requirements for the Degree of Masters of Arts in Public Management and Policy. February, 2015

One way of addressing this challenge (environment protection) is by applying principles ECSR recommended by international instruments which the researcher interested to work on. He (Hunegnaw Abebaw) concluded by saying that, there has been lack of additional policy instruments and innovative practical mechanisms which result in weak implementation in the environmental policy. So, this additional policy instruments and innovative practical mechanisms is the implementation of ECSR, in addition to the existing environmental policy of the country which the researcher (me) is going to work on. CSR implementation is generally seen as an important tool for companies to manage their relationship with society at large and its subsequent stakeholders in particular²². ER (Environmental reporting) is the communication of information in the published annual report or elsewhere, of the effect that the operations of the business have on the natural environment. ER was the first step in reporting an entity's impact on its environment. ER, voluntary as well as mandatory, is also getting prominence in the context of CSR. Environmental information like greenhouse gas emissions, waste generation, energy consumption, use of transport can improve the transparency of industrial activities, thereby, providing a powerful tool to fight environmental degradation. In our country since the philosophy of ECSR is at infant stage and the government policy system takes the form of mere control and decision making rather than well-developed ethical code of conduct, corporate are not performing their ECSR, in the enough manner rather benefit at the cost of the society (environmental pollution). Currently, Ethiopian government doesn't have detailed standards in regulating the implementation of ECSR. The OECD Guidelines for MNEs, the GRI and the UN Global Compact are the world's foremost comprehensive, voluntary corporate responsibility initiatives. However, they are not developed or adopted in Harar brewery industries to address environmental problems caused as a result of their operation which the researcher is going to address.

²² Roberts, W. Determinants of Corporate Social Responsibility Disclosure an application of Stakeholder Theory, Accounting Organizations and Society, 17(6), 595-612(1992)

Again, let alone a well-developed law and policy to regulate the implementation of ECSR, it is not included as a program under the second growth and transformation plan (GTP II) 2015/16-2019/20 at least as implementation strategies to address social welfare economy. Not only this, there is no policy/practice (if any are not good enough) which require and regulate companies to engage in environmental responsible activities and report environmental activities. Apart from addressing shareholders' interest the new investment proclamation apart from creating conducive ground for investment (the companies), does say nothing about the environment. It does not put the obligation on the companies (especially pollutants such as brewer industries) to address environmental issues. This industry is one of the major economic earning in the manufacturing industry in Ethiopia. However, there is challenge in tapping its economic benefit with minimizing its pollution effect to the environment. It becomes a delicate balance to maintain practically both keeping the environment sustainable and the growth of the industry. Implementing environmental policy of the country in harmony with the required growth of brewery industry becomes a difficult task for the government. Most industries in Ethiopia lack well-organized effluent and emission treatment plants. Therefore, they discharge their effluents into water bodies let alone minimum legal commitment standard of waste without adequate treatment prior to the discharge. As a consequence, there is a risk to human health from intake of pollutants through Consumption of such crops; drinking of river and polluted air so I was trying to see in this thesis the implementation of environmental corporate social responsibility in Harari region and to some extent by Harar brewery to the society live around the area.

1.3. Objective of the Study

1.3.1. General objective

The purpose of the paper is to analyze environmental corporate social responsibility in Harar brewery Share Company

1.3.2. Specific objective

- Examining and incorporating ECSR in to legal frame work of the country and forwarding policy recommendation.
- Examining the role of the government in adopting, enhancing and developing the ECSR in Harar brewery industry.
- Analyzing ECSR in the Harar Brewery industry in light of international instruments and the countries environmental law and policy.

1.4 Research Questions

1. What is the current status of Harar Brewery Share Company in implementing international instruments on ECSR and disclosure of environmental activities?
2. What is the role of the government in facilitating the environmental CSR and disclosure of environmental activities in Harar Brewery Company?
3. How to incorporate ECSR and disclosure of environmental activities in to the Ethiopian legislation?

1.5. Significance of the Study

- ❖ This study can offer sufficient information on the gaps and constraints with respect to the realization of ECSR and ER in Ethiopia brewery industry.
- ❖ The research can serve as an input for different actors who are involving in ECSR practices around brewery factory.
- ❖ The study would generate useful information that could be used would also for formulating strategies for improving the quality of ECSR and ER policy practices in the country.
- ❖ It can also initiate other researchers to conduct further research on implementation ECSR legal framework
- ❖ This study can bring possible recommendations that may help legislative organ, regulatory organ and any concerned body in Ethiopian to make efficient laws, regulations adopt guidelines of related to the implementation of CSR.

1.6. Scope of the Study

The study is focused on examining the implementation of ECSR and practice in Harar Brewery Share Company, in light of the law, policy, guidelines, management of national and international and related aspect of environmental protection through the application of ECSR. Further the study doesn't make an attempt to evaluate various models of CSR. The study is limited to selected brewery industry and its environmental dimension of ECSR.

1.7. Limitation of the Study

The researcher faced certain difficulties that challenged the smooth completion of the process of research including time constraint (limited short duration of time). In addition to time and financial constraints, there were also difficulties in getting precise and sufficient information from the company as a result of the strict bureaucratic procedures involved in giving out official information to the researcher. Therefore, limited data was used even though more result could have been obtained, if more subjects were involved in the study.²³

1.8. Research Methodology

1.8.1 Study Area

The study is conducted in Harari Regional state, Harar City (which is located 525KM east of Addis Ababa) Kebele 15, Sofi rural Kebele administration and Awumar rural Kebele administration.

1.8.2 Research Design

This research is designed to be descriptive case – study type of qualitative research. It is meant to analyze of ECSR in the Harar Brewery industry. Besides, in order to analyze this topic in an in-depth and detailed manner, this study has logically been made to have case-study form.

1.8.3 Method of data Collection

In this research, the researcher has used both primary and secondary data. The Primary data for the thesis was collected through personal interviews, questionnaire, focused group discussion and personal observation.

²³Asemamaw tilahun debas, Corporate Social Responsibility in Sustainable Environment Management In Ethiopia, Addis Ababa University, College Of Management, Informatics And Economic Sciences, Department Of Public Management And Policy, P.81, 2011, (UnPublished)

Since the secondary data contribute to a fundamental knowledge of the research subject, it was collected from written literatures on the issue, articles, academic publications on the topic, web pages, various reports from companies and organizations to gain an understanding of the area and what has already been done. It helps to gather valid and reliable data that are relevant to research questions and objective. The paper has employed a semi-structured interview with a list of questions. The researcher has done an interview with the managers of the industry and high officials of government body as the researcher considered this method is the most suitable to obtain the qualitative information that is needed to answer the research questions.

1.8.3.2 Questionnaires

The nature of the questionnaire was open ended question. The questionnaire was prepared firstly in English language then it was translated with great care into Amharic and Afaan Oromo language. For this research work, the researcher has identified important issues that a company needs to address in implementation of ECSR. The researcher has administered the questionnaires in face-to-face interview in which interviewers (the researcher) has asked the question in the presence of the respondent and would complete the questionnaires.

1.8.3.3 Focused Group Discussion (FGD)

To conduct this paper the researcher has used FDG method with the surrounding community leaders and employee of the industry.

This method is selected because it would enable to get data/information easily regarding the issue. While doing this the researcher has tried to form a mini group. In doing this, the researcher would be insured that the members are capable of holding discussion. To get necessary information regarding the issue, the researcher would identify the discussion points and would try to control the participants and record (sound) while taking the notes.

The number of participants on the FDG would be decided, after the researcher identified the number of the employees in the industry and the dwellers of the local community leaders affected by the operation of the industries.

1.8.3.4 Observation

The researcher has tried to observe some activities related to ECSR at Harar Brewery industry and its outlets. This would be fully depending on the willingness of the management of the organization on the degree of freedom the researcher would get to access to pollution concerned functional unit of the industry.

1.8.3.5 Sample selection

The researcher has selected the study area and the industry purposively because one way of getting a research topic and doing a research to solve problem is by having background knowledge and understanding on potential study area of interest through seeing, hearing and contemplating on existing conditions in our surrounding.

1.8.3.6. Method of Analysis

The study involves qualitative data collected through semi-structured interview, FDG, personal observation and secondary documents review. Hence the analysis scheme is basically of qualitative nature. It involves concurrent content analysis of primary and secondary data.²⁴ Content analysis is the longest established method of text analysis among the set of empirical methods of social investigation. It helps to explain how a particular phenomenon develops and its existing stage. The researcher is convinced that content analysis makes great sense to analyze the application ECSR in the Harar Brewery industry and the rationale behind it.

²⁴ Youzersif Tegane, Analyzing the Implementation of Environmental Corporate Social Responsibility and Disclosure of Environmental Activities in Case of Blue Nile And Haffedetenary In 2017 At Jimma University, LLM Thesis (unpublished) PP.16

CHAPTER TWO

CONCEPTS OF ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY

2.1 Meanings and Concept of Corporate Social Responsibility

The concept of corporate social responsibility is not recent phenomena in the world. Traditionally, the concept of CSR was dominated to shareholders' approach. The approach is regarded as classical ways of understanding CSR which was developed by Friedman. Accordingly, he purports CSR as a means of increasing or maximizing the profits of the company where the shareholders are the focal point in pursuit of profit maximization.²⁵ He further said there is one and only one social responsibility of business to use its resources and engaged in activities designed to increase its profit so long as within the rules of the game, which is to say, engaging in open and free competition without deception or fraud.²⁶

He advocates for absolute freedom of business to generate profit at the expense of any stakeholders. Social responsibility activities are not the main concern for companies; they are concerned with CSR only to the extent that it contributes to the aim and goal of the business. The central idea of the approach is to protect the economic interest of shareholders. However, this is not top up with the contemporary notion of CSR where stakeholders' interests are a significant concern.

While the stakeholders' approach which was first developed by Freeman articulates that business organizations are not only responsible and accountable to their shareholders, but also take into consideration the legitimate interests of the stakeholders that can affect or is affected by the operational activities, as well as the achievement of organizational objectives.²⁷

²⁵ Friedman. „The social responsibility of business is to increase its profit.“*The New York Times Magazine* (New York), 32-33, 1212 126, (1970)

²⁶ Id

²⁷ VentsislavaNikolova and SanelaArsić, *Supra Note. 22*, P.12

Unlike the shareholder approach it is to balance the interest of both businesses which is profit maximization and that of stakeholder as the companies have various influences on the lives of stakeholders.²⁸ There are different stages of development in defining the term view of different context and understanding of the concept to reach in contemporary notion. To address this point the prominent scholarly contribution by Carroll on evolution of definitional construct of the concept of CSR beginning from the 1950s to the 1990s in which he highlighted a specific feature of each decade in terms of its development has been consulted.²⁹ Accordingly, he marked the 1950s as the modern era of CSR in terms of a definition emergence, the 1960s as a time of expansion and the 1970s as a time of proliferation.³⁰ In the 1980s some additional theoretical issues were added to the concept itself including corporate social performance, stakeholder theory, and business ethics theory. As definition development occurred in 1990s these alternative themes took center stage in the manifestation of CSR. Later on, all following definitions all following definitions of CSR were dominated by the stakeholder and societal approach, with the recognition of social, economic, and environmental issues as the basic components of responsibility. The best illustration of this is available in the definitions and views developed in the late 1990s and thereafter by the different intergovernmental, governmental and development organizations as well as some postmodern academics.³¹

The other similar definition was given by David Marsden. He said CSR is about the core behavior of companies and the responsibility for their total impact on their societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is on tevatrons a profitable business that takes account of all the positive and negative environmental, social and economic effect it has on society.³²

²⁸ Ibid

²⁹ James E. Post, Anne T. Lawrence and James Weber, *Business and Society* (10th ed. 2002), P.59

³⁰ Carrol, *Supra* Note 1, P. 268-269

³¹ Ibid

³² European Commission, *Green Paper: Promoting a European Framework for Corporate Social Responsibility* (2001), Accessed on: <http://www.europa.eu.int> 5 July 2007

As to him the notion of CSR includes the wide array of negative and positive social, economic and environmental effects of business activities on the society. He underlined that the concept does not recognized as an act of philanthropy that serves temporal purpose of any individual of the society rather on permanent basis with all stakeholders. Environment and broader policy and regulatory frameworks ³³ there are no world-wide agreement on a single definition of corporate social responsibility. Among many of the reasons one of the major reasons is that all of the scholars have studied the idea of CSR differently from different perspective or viewpoints. This has shaped their attitude or opinion with emphases on one area among many views of CSR while neglecting or shadowing others. One of the detailed definitions which provide some clarity about the concept is as follows:³⁴

“...An umbrella term for a different of theories and implementations or practices, which all recognize the following: (a) corporate entities or companies have a responsibility for their impact on natural resource and society, in some- case or same times beyond legal compliance and the liability of individuals;(b) that companies have a responsibility for other behavior with whom they do business (e.g. within supply chains) ;(c) that business needs to manage its interaction with public at large, whether for commercial viability, or to add value to society a cause” ³⁵

However, in line with my research, I have identified four definitions which will be useful for the purposes of my research work. The first definitions that I find interesting is by Sir Geoffrey Chandler, according to him, it generally refers to business practices that are transparent which are based on ethical value, compliance or conformity with legal requirements, and respect for people, communities, and the environment.

33 Richard H olme and Phil Watts, Corporate social responsibility: Making good business sense, World Business Council for Sustainable Development, P.8, 2000, Accessed at: <http://www.ceads.org.ar/downloads/making good business sense.pdf>

³⁴ Supra Note 24 Page 19

³⁵ PrietoCarrón,EtAl. (2006), Critical Perspectives On Csr And Development: What We Know, What We Don't Know, And What We Need To Know, International Affairs, 82(5), P.987

Thus, going beyond making profits, companies are fully responsible for their impact on people and.³⁶ The second most commonly used definitions of CSR come from the Commission of the European Communities in 2001 “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”³⁷ The Commission stresses: “being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing ‘more’ into human capital, the environment and the relations with stakeholders”. It also means contributing positively to society and managing your entity’s environmental impact³⁸. The third is defined by others as, CSR is about businesses and other organizations going beyond the legal obligations to control or manage the impact they have on the society and environment and in particular, this could include how organizations interact with their employees, customers, suppliers, and the communities in which they existing operate ,as well as the extent they attempt to protect the environment³⁹. The fourth and last one is, more recently the World Business Council on Social Development defines CSR as a firm’s commitment to adopt ethical and sustainable practices that improve community, the environment and its workforce quality of life⁴⁰. The whole point of Corporate environmental responsibility (CER), by looking at the present the evidence, is conceived to be the collection strategies that make the companies to see the environment as part of their obligation or responsibility and develop preventive measures. From Ethiopian perspective many researches have not been conducted on the area.

³⁶ Sir Geoffrey Chandler, “Defining Corporate Social Responsibility,” Ethical Performance Best Practice, Fall 2001

³⁷European Commission (2001): Promoting A European Framework For Corporate Social Responsibility, Green Paper, Luxembourg: Office For Official Publications Of The European Communities.

³⁸ Sir Geoffrey Chandler, “Defining Corporate Social Responsibility,” Ethical Performance Best Practice, Fall 2001.

³⁹ By Ruth Lea

⁴⁰ Votax, R (1973) Genius Becomes Rare, California Management Review, Vol. 15, P.16

A research conducted by Kassaye Deyassa revealed that CSR idea is new in Ethiopia and started off as a resort by multinationals and NGOs to remedy the effects of their extraction activities on the local communities⁴¹. In this study, he interviewed ten multinational companies, twenty national companies, six government organizations and NGOs. Finally, he concluded in Ethiopia it is recent development of formal CSR practices mainly driven by MNCs and NGOs and the initiatives are mainly philanthropic with practices.⁴² He further said, almost all of national companies and government organizations have not developed a concept of CSR.⁴³ However, some of Ethiopian companies have a tradition of partnership and dialogue with their communities and stakeholders in the form of informal CSR practices.⁴⁴

The other is a research conducted on banking sector with special focus on commercial banks of Ethiopia and revealed that commercial bank of Ethiopia is making efforts in the CSR areas; despite this, still there are gaps in implementing planned CSR and making disclosure.⁴⁵ It also shows that existing altruistic practices in this bank are of reactive to meet the interests of social and community concerns and the bank lacks proactive involvement.⁴⁶ Other study also conducted with aim of examining the level of understanding and practical implementation of socially responsible labour practices in Ethiopia, taking Meta hara sugar factory as a study area.⁴⁷

⁴¹ Kassaye Deyassa, CSR From Ethiopian Perspective, *International Journal of Scientific & Technology research* Vol. 5, P. 299, P.299-328, 2016

⁴² Ibid p.322

⁴³ Ibid p.326

⁴⁴ Ibid p.327

⁴⁵ Mathias NigatuBimir, Corporate Social Responsibility in the Ethiopian Banking Sector: A Case Study on Commercial Bank of Ethiopia, *Nile Journal of Business and Economics*, p. 3, PP. 3-15, 2016

⁴⁶ ibid

⁴⁷Asnake Menbere Tekleab, Analyzing Social Responsibility Toward Improving Labor Practice Issues In Ethiopia: A Focus on Metahara Sugar Factory, Norwegian University Od Science and Technology, Department Of Industrial Economics And Technology Management, P.76,2016.

The study shows the concept of social responsibility is not adopted to go beyond philanthropy and contribute in a sustainable manner by the governments and some large companies and their counterparts.⁴⁸ The study further said at micro level there is an effort by companies including Metahara sugar factories towards adopting socially responsible labour practice while at macro level due to different factors the practice is lagging behind.⁴⁹The draw-back factors include institutional and social-cultural, labour market and enabling environment and broader policy and regulatory frameworks.⁵⁰Tewelde Mezgobo also addressed the nature of CSR in line with Carrol's models of CSR and concluded that in Ethiopian context the practice like many other African countries is on the economic aspect of the CSR and such emphasis maybe at the expense of other dimensions.⁵¹ Concerning the role of CSR in environmental protection, the other researcher come up with a conclusion which says corporations and social enterprises are contributing to sustainable environmental management by offering knowledge creation education, open discussion on environmental issues, and adopting different techniques to safeguard the environment in Ethiopia.⁵²

2.2. Strategic and Altruistic or Philanthropic CSR

If CSR was in place to benefit the financial agenda of an organization, CSR was strategic⁵³. Thus, strategic CSR is allowed profitable, and assumes CSR can be used to benefits competitive advantages⁵⁴ (Porter&Kramer,2007).

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ Ibid

⁵¹ Tewelde Mezgobo, The Nature of Corporate Social Responsibility (CSR) in Ethiopian Business Context: An Essay on Corporate Social Responsibility, International School of Management Paris, P. 9, 2012 (Un published)

⁵² Asemamaw Tilahun Debas, Corporate Social Responsibility in Sustainable environment management in Ethiopia, Addis Ababa University, College of Management, Informatics and Economic Sciences, Department of Public Management and Policy, P.81, 2011, (Un published)

⁵³ Baron, D.P. (2001). Private Politics, Corporate Social Responsibility And Integrated Strategy. Journal Of Economics And Management Strategy, 10(1), 7-45.

⁵⁴ Ibid

If, on the other hand, a CSR action is socially motivated, and occurs at the cost of company profits, the CSR action is altruistic, or separate from strategic motives⁵⁵. Despite extensive research on CSR, however, evidence of firms sacrificing profits for exclusively social or environmental interest is scarce.⁵⁶

The major drawbacks of many strategic CSR campaigns are that managers tend to focus on the tension between business and society rather than on their interdependence and the result is oftentimes a mixture of uncoordinated CSR and philanthropic activities disconnected from the company's strategy that neither make any fruitful social impact nor strengthen the firm's long-term competitiveness.⁵⁷ Accordingly, managers shall decide whether to tell the practical and strategic motives for engaging in CSR as some stakeholders may view CSR activities "more constructively if divorced from any discussion of the bottom line"⁵⁸. "Managers choosing to discourses certain limitation, the resulting lack of communication has resulted in stakeholders having difficult in assessing CSR"⁵⁹. Along with the many strategic benefits of implementing CSR (e.g. attracting consumers, brand differentiation, etc.), many CSR critics have questioned the voluntary roots of the idea or concept, and are often skeptical of companies adhering to CSR principles when not forced to do so by law.

In turn, many critics argue that CSR is also a tactic companies use to convince governments and the general public that additional regulation is unnecessary for a given cause⁶⁰.

⁵⁵ Latnos, G.P. (2001). The Boundaries Of Strategic Corporate Social Responsibility. *Journal of Consumer Marketing*, 18(7), 595-632.

⁵⁶ Lyon, T.P., & Maxwell, J.W. (2008). Corporate Social Responsibility And The Environment: A Theoretical Perspective. *Review of Environmental Economics And Policy*, 2(2), 240- 260.

⁵⁷ Ibid

⁵⁸ McWilliams, A., & Siegel, D. (2010). Creating and Capturing Value: Strategic Corporate Social Responsibility, Resource-Based Theory, and Sustainable Competitive Advantage. *Journal Of Management*, 26, 117-127. P,5

⁵⁹ Supra Note 9

⁶⁰ Baron D. P. (2001). Private Politics, Corporate Social Responsibility And Integrated Strategy. *Journal Of Economics And Management Strategy*, 10(1), 7-45.

It is speculated that by taking (or appearing to take) measures to improve a given social situation, “corporations wish to pre-empt government intervention and regulation”⁶¹ Authors who argue CSR issued as a regulation-avoiding-tactic further dispute that if corporations were truly concerned with the social situations their CSR efforts are to aid, they would then support or encourage governments to formalizes those efforts as mandatory laws⁶².

2.3 Principles of Corporate Social Responsibility

According to Crowther and Aras (2008:14), there are three basic principles, which together comprise all CSR activities. These are: transparency, sustainability and accountability.⁶³

I. Sustainability

Sustainability indicates that society must use no additional resource than can be regenerated. This can be defined in the ways of the carrying capacity of the environment and described with input-output models of resource utilization.

II. Accountability

This is concerned with an organization identifying that its actions have an effect on external environment, and assuming responsibility for the effects of its actions. This concept therefore implies a quantification of the effects of actions taken, both internal to the organization and externally. More particularly the concept implies a reporting to external stakeholders of the effects of actions taken by the organization and how they affect those stakeholders.

⁶¹ Asongu ,J.J.(2007). The history of social corporate responsibility journal of business and public policy, 1(1).p.13.

⁶² Hart2000,StuartL.; Beyond Greening In Harvard Business Review On Business And The Environment, HBD Press, Boston

⁶³ AnalyzingTheImplementationOf Environmental Corporate Social Responsibility And Disclosure Of Environmental Activities Acse Of Blue Nile And HaffideTannery LLM Thesis By YousersifTegene From Jimma University College Of Law & Governance School Of Law In 2017 P.21

III. Transparency

This is as a principle, means that the outside or external impact of the actions of the organization can be established or ascertained from that organization's reporting and pertinent truth or facts are not disguised within that reporting. Thus, all the effects of the actions of the organization, including external impacts, should be clear to all from using the information provided by the organization's reporting mechanisms.

2.4 Environmental Corporate Social Responsibility

ECSR is planned or proposed as a holistic and strategic move toward to organizational actions to deal with the issue of ever rising environmental catastrophe facing or in-front of the global society. Although the environment has been recognized or identified as one aspect of CSR (Carroll, 1979), the introduction of the concept of ECSR has added an intense focus on the full and all-encompassing nature of the universal environmental protection agenda.

Environmental concern is pillar-keys in the CSR. Currently more attention or interest is intended for the environmental aspect of CSR. The significance of this area is also associated with the factor reality that the balance of the environment and the sustainability of basic natural processes make a unique socio-economic value. Protection Environmental provides access to limited or scarce natural resources and the utilization of natural capital in a way that would safeguard the ecosystem in the long term. It means the skill or ability to meet basic social needs of both present and future generations.

More and more companies put environmental related issues high on their CSR agenda as one of the most serious effects of external economic activity is damaging impact on the environment, the environmental issues are of great importance in the company. That is why; today many companies have accepted their responsibility to do no harm to the environment⁶⁴.

⁶⁴ Ibid at page 18

The Environment policy or Strategy of the World Bank indicates that the private sector is becoming a decisive factor in influencing environmental performance and long-term environmental sustainability.⁶⁵ It is viewed as the contribution that firms make to sustainable development by balancing and improving environmental impacts without destructive economic performance.⁶⁶ Therefore, the fundamental idea of CSR in environment is to decrease the environmental impact of production processes and products⁶⁷. CSR standard studies of William and Jose (etal, 2009) proposed that environmental protection using means such as: conform with or better set environmental laws, rules and regulations to encourage or promote environmental protection and reduce, if not eliminate, environmental risks, companies will continue to work towards developing innovative products that integrate or combine environmental standards, minimize environmental impacts in combine manner and enhance improve the social value, they will participate in environmental protection and restoration projects, they will promote or encourage awareness of environment and provide information to their employees to enhance their understanding of environmental issues⁶⁸. Implement technologies to reduce harm done to the environment in production processes, Protection of natural environment, creating environmental awareness.

⁶⁵ Wb 2000, Making Sustainable Commitments. An Environment Strategy Of The World Bank, Washington DC.

⁶⁶ Williamson, D., Lynch-Wood, G., & Ramsay, J. (2006). Drivers Of Environmental Behavior In Manufacturing Smes And The Implications For Csr. *Journal of Business Ethics*, 67 (3), P.317

⁶⁷ Youzer-Sif Tegane, Analyzing The Implimentation Of Environmental Corporate Social Responsibility And Disclosure Of Environmental Activities - A Case of Blue Nile And Haffede Tannery Jimma University School Of Law Llm Partial Fulfillment 2017, Page 22

⁶⁸ William F. And Jose C. (2009), Three Views Of Corporate Social Responsibility

2.4.1 Why Companies Engage in Corporate Social Responsibility Practices?

The theory of CSR has not existed without any justifications. The recent or current development of CSR reaches on seeing consumers stay away from what they see as socially irresponsible products or the products of companies that have allegedly not acted in society's best interest.⁶⁹ In addition to this, businesses also accepted that social responsibility is good not only for stakeholders but also for businesses too. The development of CSR has backed with different motives.

Companies are not investing billions of moneys for CSR plan had it been for nothing. As some noted, there will be increased expenses to put into operation CSR, but the benefits Are likely to far compensate the costs.⁷⁰ From the very beginning of its birth to today's Development it has been justified by different factors. The deriving factors fall under either for the company or other stakeholders. The justifications can also be economic and moral arguments especially, in case of voluntary CSR. However, if the definition and scope of CSR is justified by fundamental political thought, legal drivers can be the justification of incorporating CSR in corporation's decisions and operations. For instance, Porter and Kramer address four motives for business to incorporate the CSR concept into their core business: moral obligation, sustainability, license to operate and reputation.⁷¹ They further elaborate that, the moral duty is the argument that companies have duties to be good citizens and "to do the right thing".

While Sustainability high-lights environmental and community stewardship the concept of license to operate and numerous other stakeholders to do business Many companies use reputation to justify CSR initiatives on the grounds that they improve a company's image by strengthening its tradename, enlivening its morals and even raising the value of its stock. The other is based on the built-in premise that, by engaging in CSR activities, businesses would be enhancingthesocietalenvironmentinwhichtheyexistedandthatsuchefforts would be in their long-term enlightened self-interest. This is developed because of concerns about Businesses "harmful impacts on society (avoiding negatives"), the theme of improving society (creating positives"). Based on this premise, scholars "developed business case" justification for the engagement of

⁶⁹ Anawer Hassen going beyond philanthropy ensuring corporate social responsibility for business sustaibility in ethiopia, LLM thesis, Haramaya University .2018. p.28.

⁷⁰ Ibid

⁷¹ Ibid

CSR. According to Zadek, companies pursue CSR strategies based on four categories of Business case justification. The first one is to defend their reputations (pain alleviation), second to justify benefits over costs (the traditional“ business case), third to integrate with their broader strategies (the strategic “business case), and to learn, innovate and manage risks.⁷² Similarly, Kurucz et al. come up with four categories of business case for CSR. These include: cost and risk reduction; gaining competitive advantage; developing reputation and legitimacy; and seeking win–win outcomes through synergistic value creation.⁷³ Cost and risk reduction contend that engaging in certain CSR activities will reduce costs and risks to the firm.

This is due to the view that the demands of stakeholders present potential threats to the viability of the organization, and that corporate economic interests are served by mitigating the fear through a threshold level of social or environmental performance.

For example, being proactive on environmental issues can lower the costs of complying with present and future environmental regulations. Competitive advantage justifications argued, by engaging in certain CSR activities firms may improve their competitiveness. Taking into account the demands of business case “is a pitch for investment in a project or initiative that promises to yield a suitably significant return to justify the expenditure”. Thus, it refers to how can companies perform better financially by dealing with both their core business operations and their responsibilities to the broader society⁷⁴. Demands and exploit the opportunities associated with them for the benefit of the firm.⁷⁵ It also creates CSR initiatives that contribute to strengthening a firm’s competitive advantage through enhancing its contact with its customers. Reputation and legitimacy arguments maintain that firms may strengthen their legitimacy and enhance their reputation by engaging in CSR activities. According to Such Man legitimacy is defined as „a generalized perception that the actions of an entity are desirable, proper, or appropriate within some socially constructed structure of norms, beliefs, values and definitions.

⁷² AnawarHasan ,Going Beyond PhilanthropyEnsuringCorporateSocialResponsibilityForBusiness Sustainability In Ethiopia ,LlmThesis From Haramaya University Published 2018, Page 22

⁷³ From AnawarHasan ,Going Beyond Philanthropy Ensuring Corporate Social ResponsibilityFor Business Sustainability Inethiopia ,Llm Thesis From Haramaya University In 2018 Page 23

⁷⁴ A.B.CarrollAndK.M.Shabana,TheBusinessCaseForCorporateSocialResponsibility;AreviewOf Cocepts,Research And Practice ,Internatioal Journal Of Management 92,86-105(2010)

⁷⁵ Ibid

Synergistic value creation arguments focus on utilizing opportunities that reunite the differing stakeholder demands by connecting stakeholder interests and creating pluralistic definitions of value for multiple stakeholders simultaneously.⁷⁶

Similarly, Malloch, argued that the business case arguments fall on risk management and strategic advantage approaches that include human resources help to build a feel good environment for staffs, to offset risks; the scandals caused by corporations erase the reputation as a result unwanted attention from governments, courts and media are followed.⁷⁷ The other is brand differentiation as a factor of competition onto split or separate companies engaged in CSR in the judgment of consumer and other is as a license to operate to avoid interference through taxation and regulation and also as diverting attention for corporations that have reputational problems⁷⁸. In addition to the above stated grounds, international institute for sustainable development provided deriving factors for companies to adopt CSR as their business strategy.⁷⁹ The guideline recognizes the subjectivity of the business case of CSR. Hence, business case for CSR will differ from firm to firm, also depending on a number of factors. These include the firm's size, products, activities, location, suppliers, leadership and reputation (i.e. of the sector in which the firm operates) and the move toward firm's follows in applying CSR. This is different from developed economic group of category one.⁸⁰

Accordingly, the factors that needs especial attention of developing countries includes rapidly expanding economies ,acute crisis of social and environment in this countries, positive and negative impacts of globalization, investment and business activities and distinctive set of CSR agenda are challenges faced by these countries.⁸¹

Further he point out the distinct driving factors of CSR in developing countries that include internal (local origin) and external (global origin) drivers and thus, these how CSR is conceived,

⁷⁶ Kurucz, E., Colbert, B. And Wheeler, D. The Business Case For Corporate Social Responsibility. In TheOxford Handbook Of Corporate Social Responsibility 85-92, 83–112 (Crane, A.Mcwilliams,A.,Matten,D.,Moon, J. And Siegel, D. Eds., Oxford: Oxford University Press, 2008)Page 91

⁷⁷ GoingBeyondPhilanthropy;EnsuringCorporateSocialResponsibilityForBusinessSustainabilityIn Ethiopia Llm Thesis By Anawar Hassen 2018 Haramaya University Page 23

⁷⁸ Id

⁷⁹ Going Beyond Philanthropy ;Ensuring Corporate Social Responsibility For Business Sustainability In Ethiopia Llm Thesis By Anawar Hassen 2018 Haramaya University ,Page 23

⁸⁰ Ibid at p.24.

⁸¹ Ibid

incentivized and practiced in developing countries.⁸² The local driving factors are political reform, cultural tradition (Example: cultural traditions of philanthropy), governance gaps, socio-economic priorities, crisis response and market access (competitive advantage in developed world). Whereas, worldwide origin rivers are international standardization, investment incentives (to promote social responsible investments), stakeholder activism (civil regulation, litigation against companies and international legal instruments) and supply chain (requirements like fair trade auditing and labeling schemes, allegation of human right abuses and labeling schemes, poor's labor conditions, certifiable standards and sector based initiatives in supply chain).⁸³ Further, it also purports that the business case for CSR also revolves around the fact that firms that fail to engage parties affected by their activities can jeopardize their ability to create wealth for themselves and society, and increase the risk of legal or other responses.⁸⁴ Thus, according to the guideline the key potential benefits of firm's implementing CSR include⁸⁵; Better anticipation and management of risk, through effective management of social, economic, legal and environmental and other stakeholders can improve the supply and the overall market stability.

Improved reputation management: 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*. Improved capability to recruit, develop and retain staff-because it has capacity to improve employee morale and loyalty. Employees are not only front-line sources of ideas for improved performance champions of accompany for which they are overconfident to work. Improved innovation, competitiveness and market positioning: CSR is as much about seizing an opportunity by avoiding risk. Drawing comments from diverse stakeholders serve as a source of ideas for new product and results in competitiveness For instance, giving recognition or certification to the firm for its contribution of environment and society. More robust or strong "social license" to operate in the community, A catalyst for responsible consumption and others are justifications that encourage firms to adopt CSR. The stated points are the reasoning for why

⁸² GoingBeyondPhilanthropy;EnsuringCorporateSocialResponsibilityForBusinessSustainabilityIn Ethiopia Llm Thesis By Anawar Hassen 2018 Haramaya University Page 24

⁸³ Ibid

⁸⁴ Ibid

⁸⁵ ISO 26000(2010) over social responsibility guideline

companies adopting CSR in any part of the world. This includes certification schemes applied in international trade and code of conduct. While the prior refers to justification for public sector actors to engage with CSR is provided by the opportunity to raise the domestic public benefits of CSR practices in social, economic and environmental terms.⁸⁶

Besides, the promotion of CSR in domestic economy can result in general competitiveness and to attach enthusiasm for CSR, to help deliver public policy goals and priorities.⁸⁷

2.4.2. The Overall Effect of ECSR

ECSR could reduce demand for environmental regulations by persuading people that environmental problems have been solved, or at least reduced to the point that the marginal costs of protesting, lobbying and regulating exceed the marginal benefits⁸⁸. Viewers could interpret ECSR as confirmation proof that environmental problems are real and that firms can afford to behave more responsibly. ECSR could also decreasing

Support for spending on monitoring and enforcement⁸⁹. Moreover, once firms have invested in technologies that partially solve an environmental problem, citizens may be reluctant to demand stiffer standards that would destroy the value of the firms' investments. ECSR also might raise the aspirations of citizens, activists, and officials, leading to demands for more action⁹⁰. Finally, some firms might use ECSR as part of a conscious strategy for promoting—rather than avoiding—stiffer regulation. Large firms, in particular, may engage in ECSR and then lobby for government to impose the same standards on other firms. In this way, the voluntary actions of environmental leaders could lead to involuntary regulations against environmental slowcoaches.⁹¹

⁸⁶ Corporate Social Responsibility And Developing Countries What Scope For Government Action? United Nations Sustainable Development Innovation Briefs, Issue 1, (2007). Accessed At: <https://Sustainabledevelopment.un.org/content/documents/No1.pdf>

⁸⁷ Ibid

⁸⁸ Maxwell, John W., Thomas P. Lyon, and Steven C. Hackett. 2000. "Self-Regulation and Social Welfare: The Political Economy of Corporate Environmentalism." *Journal Of Law And Economics* 43(2): 583–618.

⁸⁹ Maxwell, John W., and Christopher Decker. 2006. "Voluntary Environmental Investment and Regulatory Responsiveness." *Environmental And Resource Economics* 33: 425–39.

⁹⁰ Bendor, Jonathan, Daniel Diermeier, David A. Siegel, and Michael M. Ting. 2011. *A Behavioral Theory Of Elections*. Princeton, NJ: Princeton University Press.

⁹¹ Denicolò, Vincenzo. 2008. "A Signaling Model Of Environmental Over Compliance." *Journal Of Economic Behavior And Organization* 68: 293–303.

2.5. Communicating Corporate Social Responsibility

Throughout the 1990's, building corporate reputations based on CSR hard works became a main concern for many successful companies that now integrate information regarding CSR efforts in annual reports and other communications.⁹²

The current state of CSR reporting, however, is largely decorative or superficial, and often does not reflect actual operations⁹³ (Porter&Kramer,2007). Several researchers have further delved in to the challenges of communicating CSR, and have found managers are often hesitant to communicate especially about environmental initiatives.⁹⁴ Not only this, entities tend to report positive aspects of their behavior and not to report negative ones.

2.5.1. Environmental Reporting

An important element of CR is environmental reporting, which describes the systematic and complete disclosure to the general public of a company's, organizations or government's environmental performance, encompassing its impacts on the environment and its actions to diminish adverse effects on eco-systems or restore environmental conditions⁹⁵. Environmental reporting is the exposé of information in the published annual report or elsewhere, of the consequence that the operations of the business have on the natural environment. The reports disclose the entity's targets and/or achievements, with direct comparison between the two in some cases.

The published yearly or annual report (which includes the financial statements A separate environmental report (either as a paper documentary imply posted on the company website.) yet again, some companies use a special report, and some have simply used local press and other media. Many companies publish their environmental and social reports on their websites, which encourages access to a wide audience.

⁹² Conaway, R. N., & Wardrope, W. J. (2010). Do Their Words Really Matter? Thematic Analysis Of U.S. And Latin American CEO Letters. *Journal Of Business Communication*, 47(1), 141-168

⁹³ Ibid

⁹⁴ Burgess, J., Harrison, C. M., & Filius, P. (1998). Environmental Communication And The Cultural Politics Of Environmental Citizenship. *Environment And Planning*, 30(8), 1445-1460.

⁹⁵ Japan Environmental Reporting Guidelines (Tokyo, Ministry Of The Environment, 2004). Available [www.Env.Go.Jp/Policy/J-Hiroba/PRG/Pdfs/E_Guide.Pdf](http://www.env.go.jp/policy/j-hiroba/PRG/Pdfs/E_Guide.Pdf) (Accessed 26 February 2012).

2.5.1.1. Content of an Environmental Report

environmental report content may cover the following areas: Environmental issues relevant to the industry and entity. This also includes the following areas: The entity's plan or policy towards the environment and any improvements made since first adopting the policy, whether the entity has formal system for managing environmental risks The personality of the director(s) responsible for environmental issues, the entity's perception of the risks to the environment from its operations, the level to which the entity would be capable of responding to a major environmental disaster or catastrophe and an estimate of the full economic consequences of such a future major catastrophe.

2.5.1.2. Strengths of CSR and Environmental Reporting

Environmental reporting can bring cost savings and enhance competitiveness:

Environmental reporting can help to disclose or relate areas of improvement in resource effectiveness for businesses. It is a far-sighted business strategy increasingly needed in economies in which the reputation risk is becoming greater and sustainable development is gaining importance.

Attracting quality investors and business partners: By dealing with environmental and societal concerns, businesses can ask to a different set of environmentally alert investor. Additionally, these investors may be willing to afford more resources and make longer commitments because the increased transparency brought about by CSR and environmental reporting also enhances their trust in the companies.

Creating new business opportunities: Integrating CSR and environmental reporting into core business processes is a creative process because it has to be tailored for every company and is conducted in close relationship with an array of actors.

Proliferation for developing countries: CSR and environmental reporting not only helps developing countries to achieve their low carbon green growth strategies but also improves their national competitiveness.

By increasing the transparency and credibility of their industries, developing countries attain a better position in the competition for foreign direct investments, develop the position of their

exports in the international market context and increase the poverty-focused delivery of public policy goal.⁹⁶

Environment reporting data necessary to introduce a carbon tax or domestic carbon emissions trading scheme: By authorization environmental reporting, governments can start collecting the figures or data essential for determining the appropriate and applicable rate of carbon tax or the controllable cap for greenhouse gas emissions from every business subject to the scheme.

2.5.1.3. Green Washing

Green washing is all about “the selective disclosure or exposure of positive information about a company’s environmental or social performance, without full disclosure of negative information on these dimensions.”⁹⁷

Greenwashing is problematic as it is essentially false advertising, and can be used to take-in or dupe consumers into supporting businesses on false pretenses⁹⁸. At all it is the practice of misleading or confusing stakeholders by encouraging environmental initiatives to leave the impression or notion that the firm is operating in environmentally conscious ways.⁹⁹

While some companies have lied outright about their environmental actions in hopes of bringing competitive advantages, the primary green washing concern (among NGOs and academics) appears to be the practice of presenting “positive information out of framework in a way that could be misleading to individuals who lack information about the company’s full portfolio of activities¹⁰⁰. While there is evidence of green washing being purposeful or focused and

⁹⁶ Djordjijapetkoski And Nigel Two Se, Ed., Public Policy For Corporate Social Responsibility , World Bank Series On Corporate Responsibility, Accountability And Sustainable Competitiveness (Washington, D.C., World Bank Institute, World Bank Group And International Finance Corporation, 2003).

http://Info.Worldbank.Org/Etools/Docs/Library/57434/Publicpolicy_Econference.Pdf accessed on february 2020.

⁹⁷ Lyon, T.P. & Maxwell, J. P. (2006). Green Wash: Corporate Environmental Disclosure Under Threat Of Audit. Ross School Of Business Paper 1055.P.6 Retrieved January 10, 2010, From

[Http://Papers.Ssrn.Com/Sol3/Papers.Cfm? Abstract_ Id=938988](http://Papers.Ssrn.Com/Sol3/Papers.Cfm?Abstract_Id=938988)

⁹⁸ TerraChoice.(2010).TheSinsOfGreenWashing:HomeAndFamilyEdition.Toronto:Underwriters Laboratories.

⁹⁹ Lyon, T. P. & Maxwell, J. P. (2006). Green Wash: Corporate Environmental Disclosure Under Threat Of Audit. Ross School Of Business Paper 1055. Retrieved January 10, 2010

¹⁰⁰ Supra Note 69, P.5

calculated.¹⁰¹ Others acknowledge green washing is also done accidentally.¹⁰² Green washing is problematic because, whether intentional or not, over-emphasizing a product or service's positive traits can misinform consumers into purchasing products or services based on undeserved environmental recognition¹⁰³. Green washing had several other negative consequences, which included usurping market-share and limiting the penetration of companies

2.5.1.4. Reluctance to Communicate ECSR

One factor top or leading to managers' reluctance to communicate about ECSR initiatives is the belief that "green fatigue" is developing among many consumers¹⁰⁴ who are simply tired of seeing or hearing environmental alleges from businesses.

Subsequently, these consumers either ignores environmental claims altogether, or even act purposefully to support other organizations. Another probable reason leading to managers "reluctance or

Unwillingness to communicate about environmental initiatives is the belief that environmental claim skepticism is rising among many consumers¹⁰⁵ and is a direct result of the immense amount of false advertising regarding supposed environmentally friendly products. Since many organizations pursue CSR-based identities without altruistically engaging in CSR, many researchers have argued CSR is used strategically by managers to enhance corporate reputation or status and gain trust from stakeholders¹⁰⁶. While Miles and Covin (2000) argued superior ECSR performance can lead to improved corporate reputations, appearing overly strategic without fulfilling ECSR commitments often leads to legitimacy gaps that damage corporate reputations¹⁰⁷. To increase the likelihood of reaping strategic benefits from a positive corporate reputation, several authors have argued that ECSR should be part of a wide choice of operations, and the

¹⁰¹ *ibid*

¹⁰² TerraChoice. (2010). *The Sins of Green Washing: Home and Family Edition*. Toronto: Underwriters Laboratories.

¹⁰³ Gibson, D. (2009). *A Wash in Green: A Critical Perspective on Environmental Advertising*. *Tulane Environmental Journal* 23(1) 423-443

¹⁰⁴ Green Berg, S. H. (June, 2008). *I'm So Tired Of Being Green*. Retrieved January, 2010, From The Newsweek International Web Site: <http://www.thedailybeast.com/newsweek/2008/06/28/i-m-so-tired-of-being-green.html>

¹⁰⁵ Kilbourne, W. (1995). *Green Advertising: Salvation Or Oxymoron?* *Journal Of Advertising*, 24(2), 7-20.

¹⁰⁶ *Supra* Note 24 at page 30

¹⁰⁷ *Supra* note 87

organization's image should rather be an organic reflection of an internal identity as to narrow or eliminate legitimacy gaps¹⁰⁸.

2.6. How to Implement Environmental Corporate Social Responsibility

It is nice to peak or point out that to improve environmental standards of pollutant corporations especially brewery industries, there are international environmental tools aimed at keeping the min check of improving the quality of the environment. These international tools are the OECD Guidelines, the UN Global Compact, the ISO 14001, ISO26000 and GRI.

2.6.1. The Organization for Economic Co-operation and Development Guidelines

The Organization for Economic Co-operation and Development (OECD) adopted the OECD Guidelines for MNE's in 1976. Since then, the Guidelines have been revised five times, from those revision, most recently in 2011, to "reflect changes in the setting or landscape for international investment and multinational enterprises."¹⁰⁹ Sound environmental management is an essential contribution to sustainable development, and it is increasingly seen as mutually a business responsibility and a business opportunity. MNEs have a role to play in mutually respects. The OECD Guidelines for MNEs recommend that managers of enterprises give appropriate attention to issues of environment during their business plan or strategies and day-to-day operations.

The Guidelines are recognized as one of the world's foremost corporate voluntary codes of conduct. Their ten chapters cover a broad range of corporate activities, several of which are relevant to companies' environmental performance. One of the chapters deals specifically with environmental issues.

The Environment Chapter of the Guidelines encourages *MNEs* to raise their environmental performance by improving internal environmental management practices and looking for continuous environmental improvements.

These can be achieved through arrange of tools and approaches relating to environmental management, such as engaging in stakeholder consultation and public information; assessing environmental impacts through the whole life cycle of processes; acting with precaution;

¹⁰⁸ Supra note 118

¹⁰⁹ Org. For Econ. Co-Operation & Dev. (OECD), OECD Guidelines For Multinational Enterprises 3 (2011 Ed.) [Here In After OECD Guidelines], Available At <http://www.oecd.org/daf/inv/mne/48004323.pdf>.

providing for Contingency or unforeseen event planning; ensuring environmental training and contributing to the development of environmental policy.

I. Environmental Management Systems

Environmental management systems (EMS) provide an internal framework to enable enterprises to control their environmental impacts and integrate environmental considerations into business operations. They can help improve enterprises' business and environmental performance, enhance market access, and improve communication with stakeholders. Some companies choose to implement an externally certified EMS, such as ISO 14001. Further tools or apparatus contributing to sound environmental management are environmental management accounting, and cleaner production or Eco-efficiency processes. Environmental bench marking and indicators may assist enterprises in measuring improvements in their environmental performance.

II. Public Information and Stakeholder Consultation

Collecting and providing information about the activities of enterprises and associated environmental impacts is an integral or central part of good environmental management and an important vehicle for building public confidence.

This is most efficient when information is provided in a transparent manner and accompanied by active consultation with stakeholders, promoting a general climate of mutual trust and understanding. One of the fundamental questions in front of corporate decision-makers is whether to distribute information regarding their enterprise's environmental performance as a whole, or about the environmental impact of individual products and activities.

So far, no standard for information dissemination has won common acceptance, but a range or variety of tools exist to guide enterprises wishing to communicate with the public on the environmental aspects of their activities. These include satiability and environmental reporting, eco-labels, direct communications with stakeholders and partnerships.

III. Life Cycle Assessment

Environmental life-cycle assessment is a tool for systematic evaluation of the environmental aspects of a product or service through its entire life-cycle.

Life-cycle assessment starts with life-cycle thinking—an understanding that the environmental impacts of the entire life -cycle of products and services need to be addressed. A product's life-cycle starts when raw materials are extracted, followed by manufacturing, transport and use, and

ends with waste management including recycling and final disposal. Key elements of corporate strategies that implement this approach are benchmarks, which include comparing alternatives both within a company and among competitors; identifying suppliers which act consistently with company strategies; research and development, and training. Some of the best-known tools to implement a life-cycle assessment are ISO 14001, UNEP'S **Life-Cycle Initiative**, and Design for Environment.

IV. Exercising Precaution

The basic premise of the Guidelines is that enterprises should act almost immediately as possible, and in a proactive or positive way, to keep away from serious or irreversible environmental damage resulting from their activities. For enterprises, precaution is in part a function of how they operate in an everyday setting, and in part how they implement national regulatory requirements. Risk analysis plays an important role in the decision-making process, particularly in situations of scientific uncertainty, and is an integral part of many companies' business.

Risk analysis is a procedure consisting of three components: 1. risk assessment, 2. risk management and 3. risk communication.

A range of tools are available to enterprises to put these in practice, including environmental management system, environmental impact assessment, life-cycle assessment, environmental audits and corporate reporting.

V. Emergency Prevention, Preparedness and Response

The three core components or apparatus of emergency management include prevention by decreasing the likelihood that an accident will occur, preparedness and mitigation, by mitigating the consequences of accidents through urgent situation planning and risk communication, and response to preventing adverse consequences to property, health and environment in the event of an accident). As the case for corporate transparency gains ground, health, corporate environmental and safety reports increasingly include information about community involvement in environmental and emergency management.

VI. Continuous Improvements in Environmental Performance

Multinational enterprises are constantly adapting themselves to a changing socio-economic environment. The OECD Guidelines address four types of environmental improvements: process-related improvements, product-related improvements, consumer

awareness, and research and development. A large choice of tools and approaches are available to enterprises wishing to improve their performance, including environmental management accounting, life-cycle assessment and product stewardship.

VII. Environmental Education and Training

Training plays an important role in raising environmental performance of enterprises, by improving staff awareness about conformance with requirements of environmental management systems, their roles and responsibilities, and the environmental impacts of the enterprises' activities.

Enterprises provide environmentally-related training to achieve two general objectives: to promote environmental health and safety and to implement environmental management systems. Training activities that relate to more general environmental management aspects are mostly voluntary and focus on achieving both internal environmental goals and compliance with environmental legislation.

VIII. Contributing to the Development of Environmental Policy

Enterprises should contribute or add to the development of environmentally significant and economically efficient public policy, for example, by means of partnerships or initiatives that will improve environmental awareness and protection. The involvement of all stakeholders in policy negotiations reduces the risk that some problems go unforeseen by regulators. By involving the policymakers, business sector and regulators are better able to propose policies to reflect business realities. On the opposite, policy changes without consultations with enterprises may lead to unsatisfactory results, in so far as companies may have little cope and incentive to go beyond minimum requirements. Involving enterprises in policy discussions also allows policy-makers to apprise themselves of new technologies, and the feasibility of the changes that may be needed to achieve compliance. Enterprises can contribute to the development of environmental policies in numerous ways, for example, through participation in national and international consultation processes, partnerships with government and local authorities, and cooperative approaches among enterprises.

2.6.2. The ISO 14001

ISO is a non-governmental organization (NGO) based in Geneva, Switzerland, established in 1947, composed of representatives from national standard organizations. It has become a highly respected international body for setting standards.

It has established or developed more than 11,000 international uniform standards to facilitate international exchange of goods and services, but has recently developed ISO 9000 (quality assurance systems management) and ISO 14000 (an environmental systems management), both of which constitute generic standards applicable to a wide range of industries and services.¹¹⁰

Thus, the ISO does not set actual or real pollution abatement standards, but participating companies commit to 'continuous improvement' and evaluates the extent to which the EMS is utilized¹¹¹. The ISO 14001 (EMS) has been developed to help organizations identify, manage, and control the activities that have an environmental impact. According to the ISO 14001 EMS is an integral part of the enterprise management system. It is implemented voluntarily and provides a systematic approach to environmental issues. It intends to achieve a sustainable progress and reduction of adverse environmental impacts. The speed of change is determined by the company. While Harar Brewery Share Company is also registered and certified members of ISO 14001 as confirmed by K. Rama Mohana Rao, & Fantaye Kassa.¹¹²

2.6.2.1. Benefits of ISO 14001 for the Organization

Strengthened stakeholder confidence- ISO 14001 minimizes risk of accountability, keeps ahead of legislation and regulatory developments and reduces the environmental burden through eradication, reduction and options.

Greater Competitive advantage: -the organization would attain improved cost control, improved organizational effectiveness and image of organization.

More secure long-term viability: - environmental management standard make possible Effective management demonstrates environmental focus and introduces change in a controlled manner.

¹¹⁰ Supra note 87 Page

51

¹¹¹ Utting, Peter (2000), Business Responsibility For Sustainable Development, UNRISD Occasional Paper No. 2, Geneva: United Nations Research

¹¹² K. Rama Mohana Rao, Fentayekassahailu International Journal Of Applied Research 2016; 2(4): 01-07
Environmental Corporate Social Responsibility Of brewery Firms In Ethiopia Page 4

Employee involvement and motivation: - ISO 14001 shows innovation and forward-thinking approach to customers and potential employees. The advantage of having ISO 14001 certifications is primarily reduction in operating costs (the company makes real changes to Optimize the selection of raw materials, proper waste management and efficient use of materials and infrastructure), gaining competitive advantage and value in the eyes of investors¹¹³.

2.6.3. ISO 26000 - SOCIAL RESPONSIBILITY

Moreover, ISO industrial and commercial standards are often adopted as law by national governments or integrated into treaties governing commerce, investment, and other economic activities.¹¹⁴ ISO considers business as part of society and this relationship between business and society is vital factor for ability to operate and largely performance. Therefore, to smooth this relationship there should be guidance for how businesses operate in socially responsible manner. Based on this motive, it comes up with the ISO 26000 benchmark guidelines on standards for worldwide CSR which passed through 10 years negotiation by different stakeholders across the globe, later on moved to the draft international stage before its adoption as full-fledged ISO standards in 2010.¹¹⁵ The stakeholders take part in its developments encompasses representatives from the government, NGOs, industry, consumer group and a labor organization across the world, due to this it represents an international consensus.¹¹⁶

Similar to the previous instruments the guidance standards are voluntary, that it does not incorporate binding requirements and unlike other ISO standards these are not be a certification standard.

However, ISO 26000 is a voluntary guidance standard that attempts what no other universal standard on social responsibility has: to consolidate in one place the fundamental expectations of organizations regarding their responsibilities to society and enable organizations to understand the meaning and significance of social responsibility.¹¹⁷ The guideline also provided the

¹¹³ Ibid

¹¹⁴ Ibid

¹¹⁵ International Organization For Standardization, Draft International Standard Iso/Dis 26000: Guidance On Social Responsibility(2009)

¹¹⁶ Going Beyond Philanthropy ;Ensuring Corporate Social Responsibility For Business Sustainability In Ethiopia Llm Thesis By Anawar Hassen 2018 Haramaya University Page 52

¹¹⁷ Michelle Bernhart And Sonny Maher, *Iso 26000 In Practice: A User Guide*, American Society For Quality

relationship with other initiatives like OECD guidelines and UNGC, accordingly the standards are not seeking to replace other existing initiatives of CSR rather to compliment and further promote a common understanding of CSR in the world.¹¹⁸ Beside this, it also without a doubt recognizes that social responsibility is not limited to business.

2.6.4. The UN Global Compact

The UN Global Compact is a tactical or a strategic policy initiative for businesses that are committed to make parallel their operations and strategies with ten universally accepted principles in the areas of labor, human rights, anti-corruption and environment. The UN Global Compact has formed an initiative that provides collaborative solutions to the most basic challenges facing both society and business. One of the key elements of the principles are the importance of resource restoration, thus, businesses should be aware of the impact that their activities has on the environment in order to avoid environmental deprivation. Among the 10 principles of UNGC, three of them are dedicated for the environment in which they approach the environmental challenges of businesses. Principle 7 businesses should support a precautionary approach to environmental challenges; Principle 8 undertake initiatives to promote greater environmental responsibility and Principle 9 encourage the development and diffusion of environmentally friendly technologies. The UNGC provides a high profile means for organizing and encouraging enterprises to integrate CSR into their daily operations. Global Compact is an international initiative by the United Nations that companies can join if they want to strengthen the ten universal principles concerning human rights, the environment and corruption.

2.6.5. Global Reporting Initiative Guideline

International organization produces guidelines and principles to help companies undertake environmental reporting also such guidelines, Sustainability Reporting Guidelines by Global Reporting Initiative (GRI) in 1999 and updated in 2002. GRI produces the world's de facto standard in sustainability reporting guidelines. Sustainability reporting is the action where an organization publicly communicates their economic, environmental, and social performance. The GRI's mission is to make sustainability reporting by all organizations as regular and comparable as financial reporting. The GRI Guidelines are the most common framework used in the world for

¹¹⁸ Id

reporting. All sorts of organizations report using the GRI Guidelines, such as public agencies, corporate businesses, smaller enterprises, industry groups, NGOs and others¹¹⁹.

2.6.5.1. G3 and the Reporting Framework

The G3 are the so-called “Third Generation” of the GRI’s Sustainability Reporting Guidelines. They were launched in October 2006 at a large international conference that attracted thousands. There is a “third generation” because the GRI seeks to continually improve the Guide lines. The G3 Guidelines provide universal guidance for reporting on sustainability performance. This means they are applicable to public sectors, small companies, large multinationals, NGOs and other types of organizations from all around the world. The G3 consist of principles and disclosure items (the latter includes performance indicators). The principles help reporters define the report content, the quality of the report, and give guidance on how to set their port boundary. Principles include those such as materiality, stakeholder inclusiveness, comparability and timeliness. The Reporting Framework (including the G3) is a free and public good.

¹¹⁹ www.Acca.global.com

CHAPTER THREE

POLICY AND LEGAL FRAMEWORK

3.1. Introduction

The aim of this chapter is to address the overall notion of CSR from Ethiopian perspective. Specifically, the focus is on analyzing laws, policies and institutional frameworks. It also addresses an attempt made to regulate and implement socially responsible practices and their limitations. Institutionalization of CSR that is either as self-regulation by the organizations themselves, government regulation or civil regulation, governing systems to answer the scandals resulted from company's bad behaviors are discussed. Lately, the issue of CSR has got the concern of global community. As a result, much time has been invested inside and outside boardrooms by countries in defining their specific brand of CSR they convince the public and various lobbying groups of their suitability as responsible corporate citizens. The largest part countries well thought-out CSR as voluntary. On the other hand, lately requirement for reporting on CSR has changed. For example, Denmark¹²⁰ and India¹²¹ updated company legislation and/or regulatory guidelines on CSR; required companies to report CSR in annual company accounts, either as separate documents or as part of their company's annual accounts and financial reports. In India clause 135 of the 2013 company Act provides compulsory or mandatory requirements of CSR. The Act deal with in great depth issues of corporate governance and CSR and makes it mandatory for companies with turnovers higher than Rs 5 crore (approx. US\$1 million) to set aside 2% of their net profits from the preceding three year to be used for projects/initiatives addressing social issues in India.¹²²

¹²⁰ Corporate Social Responsibility And Reporting In Denmark: Impact Of The Third Year Legal Requirements For Reporting On Csr In The Danish Financial Statements Act, Business Authority, 29 (2013). Available At: [Http://Csrgov.Dk/File/358879/Csr_Rapport_2013_Eng.Pdf](http://Csrgov.Dk/File/358879/Csr_Rapport_2013_Eng.Pdf).

¹²¹Handbook On Corporate Social Responsibility In India (2013).Price Water House Coopers Privatelimited .Ers Private Limited At : [Https://Www.Pwc.In/Assets/Pdfs/Publications/2013/Handbook-On-Corporate-Social-Responsibility-In-India.Pdf](https://Www.Pwc.In/Assets/Pdfs/Publications/2013/Handbook-On-Corporate-Social-Responsibility-In-India.Pdf)

¹²²Anawar Hassen, Going Beyond Philanthropy; Ensuring Corporate Social Responsibility for Business Sustainability In Ethiopia LLm Thesis By 2018 Haramaya University Page. 59

Therefore, the Act encourages companies to use up at least 2% of their average net profit in the previous three years on CSR activities. In the same way, the parliament of Denmark amended the Danish Financial Statement Act in 2008. According to the Act large businesses must report on their work with CSR in the annual report. The objective of the legal requirement is to inspire or encourage businesses to take an active approach to CSR and to improve the international competitiveness of Danish commerce and industry.¹²³ Likewise, scholars on the area also planned different views on the regulations of CSR. While some proposed strict regulation of CSR as a duty or responsibility of companies and disagree on business be self-regulated as a current situation what most countries deed, others advocate legislation to make CSR mandatory for specific industries/businesses in developing countries. While others said from the very beginning the concept of CSR is commitment beyond legal compliance imposing CSR as legal duty is meaningless and purely voluntary. However, calls for legislation to make CSR mandatory have not been widespread and the majority support CSR as a voluntary business initiative. Those who support the later view incorporating CSR clause in investment contracts and BITs to further promote socially responsible investment as advocated by some scholars¹²⁴ Basically, literatures conducted with the context of Ethiopia revealed that the concept of CSR is not well well-established the hearts of most companies, but some MNCs adopt it. Besides, these companies recognize the notion or concepts as it is limited to the orthodox approach of CSR which is philanthropic works¹²⁵. However, the contemporary view of CSR embraces the measures adopted by companies to increase the positive contribution to the notion of sustainable development and to decrease the negative consequences on the environment, employee and the general public. Specially, it deals with measures taken to balance the triple Ps (profit, people and planet).

¹²³ Ibid

¹²⁴ Ibid

¹²⁵ Supra Note 85 Page .60

The connection between law and CSR is created where law provides minimum standards and CSR requires at least fulfillment of that standards and performing beyond to be socially responsible. Thus, CSR requires to the minimum compliance with law, but expect above and over commitment from the companies to avert and minimize the negative impacts while supporting positive contribution towards sustainable development¹²⁶. One of the driving factors for CSR is the presence of regulations for companies to behave in socially responsible ways and the capacity of states to monitor and implement these regulations especially when companies behave badly. In this view, it is worth to discuss the minimum level of legal requirement, bottom line and scrutinize whether these frameworks lead companies towards compromising the three components of business sustainability. In the next section the study examines how CSR is regulated in Ethiopia; from CSR regulatory approaches that include self-regulation and state regulation- as a command and control mechanisms. To do this, the first part deals with how laws, policies and institutional frameworks shape CSR namely; the commercial code, environmental laws including Ethiopian environmental pollution control proclamation No.300/2002 and environmental impact assessment proclamations No. proposes practical alternatives to regulation for CSR that including codes of conduct set by industry, professional bodies, national standards, international standards and guidelines, third party certification like GRI and incentives (fiscal or non-financial) for positive behavior beyond compliance. There is also a newly growing trend of 299/2002 (EIA proclamation), Labor policies and law specifically proclamation no. 377/2003, investment laws. The second part addresses the two regulatory approaches and how they served as a tool to enhance CSR for business sustainability in Ethiopia.

3.2. Policy and Legal Framework for Environmental Management

The government of Ethiopia starting from the constitution formulated different proclamations, regulations and guidelines for implementation of its environmental policy to address environmental problems so as to enable the people to live in a clear and clean environment.

¹²⁶ Ibid

3.2.1. The constitution of Ethiopia

The constitution of the FDRE provides the overriding principles for all legislative frame-works in the country. The concept of sustainable development and the environmental rights of the people are protected in the constitution by articles that stipulate the rights of peoples in the country.

The concept of sustainable development and environmental rights are enshrined in article 43, 44 and 92 of the Constitution.¹²⁷ According to Article 44; Environmental Rights, all persons have the right to a clean and healthy environment.

Moreover, in Article 92: Environmental objectives are identified as, “Government shall endeavor to ensure that all Ethiopians live in a clean and healthy environment, the design and implementation of programs shall not damage or destroy the environment, people have the right to full consultation and to the expression of views in the planning and implementation of environmental policies and projects that affect them directly and Government and citizens shall have the duty to protect the environment”.¹²⁸

3.2.2. The Commercial Code

The notion of corporate governance is fluid concept and defined by different person from different perspectives. Similarly, Ethiopian commercial code also has not provided the definition of corporate governance.

However, as noted by Hussen Tura corporate governance is a system of rules and institutions that determine the control and including board of directors, managers, shareholders and other stakeholders.¹²⁹ A corporation’s stakeholders include customers, suppliers, employees, shareholders, communities and more importantly the environment. Thus, corporate governance does not only deal with the relationship between the company’s and stockholders, but also it includes the relation that a company has with stakeholders including the community, environment, employee and other stakeholders. As discussed in the second chapter, the issue of CSR is part of good company governance. To balance benefits from the framework of the three interdependent (economic, social and environmental) pillars of business sustainability and the underpinning

¹²⁷ The FDRE Constitution Of 1995 Art 92

¹²⁸ The FDRE, Constitution,1995art 92(3).

¹²⁹ Ibid

factor of good corporate governance there is no more convenient law than company law as far as CSR is concerned. Therefore, it is justifiable to discuss CSR in relation to Ethiopia's commercial code.¹³⁰

3.2.3. The Commercial code and shareholders primacy

As far as company governance is concerned worldwide there are two models. These are stockholders and stakeholders' models. The classification is based on to whom the companies owe duty. The first model emphasized on maximizing the welfare of owners; whereas the stakeholders approach says company is part of the society, so company is not only established to maximize the welfare of shareholders, but should take into account the interests of other stakeholders. The latter focuses on a balanced approach including among others the interest of shareholders, employee, environmentalists and creditors as part of company governance. Nevertheless, the first model confers the company's responsibility only to shareholders, thus it shows supremacy of shareholders.

This can be referred as shareholder centric view of company law Philosophically it was originated from neoclassical economics approach which says society is benefited when corporations increase shareholders' profits; an increase in corporate profit results in an increase of corporate taxes paid, increases in tax revenue results in more secure employees, and more secure employees creates a more stable community so maximize the shareholders welfare at all costs.¹³¹ The basic premise is that the manager's greatest duty is to shareholders and maximizing their wealth.¹³² Moreover, shareholders exercise control over corporations by electing directors, approving fundamental transactions and bringing derivative suits on behalf of the corporation.¹³³ However, shareholder supremacy is under attack from many scholars around the world. For example, Beate noted that while the mainstream corporate governance debate tends to regard maximization of shareholder profit as the sole purpose of companies, this is as a matter

¹³⁰ Ibid

¹³¹ Supra Note 26 Page 62

¹³² Supra Note 26 Page 63

¹³³ Ibid

of law, to a great extent incorrect, especially understood as society's purpose with companies in aggregate.¹³⁴

Additionally, limiting the company's fiduciary duty only to serve the interest of shareholders hinders decisions that help for the greater society. So, one need not deny that externalities caused by the operations of large businesses are problems that need attending to, in order to attack the attempt to socialize the corporate form which is being advocated by many researchers and others from the CSR movement. Robert Hinkley also argued that as long as directors, managers and employees are guided only by the doctrine of shareholder primacy, their companies will continue to do damage to the environment, human rights, the public health and safety, the dignity of employees and the welfare of their communities.¹³⁵ Broader societal concerns including environmental protection should be taken into account.

For instance, in shareholders "value jurisdiction UK, the company Act of 2006 clearly stipulates broader societal concerns including environmental protection should be taken into account.

¹³⁶ Thus, the adoption of section 172 in 2006 Company Act underlines that the board as a matter of law is allowed to and intended to balance a broader set of interests in pursuit of shareholders values.¹³⁷ As noted by Gebeyaw Niguise citing Virginia Harper, as a result of this criticism later on, the two contending approaches converge into the theory called an "enlightened shareholders value" which purports for the long term profit maximization of shareholders welfare and sustainability of the company the decision of the board should align the interests of both shareholders and stakeholders.¹³⁸ Within Similar manner, the Ethiopian commercial code also accepted or adopted the traditional shareholders dominance corporate governance model.¹³⁹ It only promotes or encourages the interests of shareholders. It doesn't put into consideration the interests of other stakeholders except creditors of the company, but unsuccessful to include the interests of community, environment

¹³⁴ Ibid

¹³⁵ Ibid

¹³⁶ Ibid

¹³⁷ Ibid

¹³⁸ Gebeyaw Simachew Bekele, A Critical Analysis of The Ethiopian Commercial Code In Light Of OECD Principles Of Corporate Governance, (Unpublished, LLM Dissertation, School Of Advanced Study University Of London, International Corporate Governance, Financial Regulation And Economic Law,2012), 32.

¹³⁹ Supra Note 26 Page 64

and other stakeholders.¹⁴⁰ This conclusion is subtracted from the following provisions of the code. The sources for power directors are: law, memorandum of association or articles of association and resolution passed by shareholders and the other following provisions that dealt with directors' liability to the company and the creditors. Therefore, directors of the companies are liable to creditors under article 366(1) in the occasion they failed to preserve the assets of the company. Under Art 362, 363 and 364 of the commercial code directors are only accountable to the laws, shareholders and the company.

For instance, Art 362 describes or enumerates specific duties of directors.

These provisions totally ignore and failed to address the interests of employees, suppliers, customers, the community, environments and other stakeholders. One may say the accountability of directors to the company and the law may result in implied or indirect recognition of the interest of stakeholders.¹⁴¹ The problem with this argument is except creditors all others stakeholders' rights are not recognized in the commercial code. Here the only stakeholder included under the code is creditors of the company. This shows the Ethiopian company law governance is still, insisting on the orthodox approach of shareholders dominance, even those liberal company stakeholders as a result of the negative consequences of the approach. The company law better addresses the interests of shareholders and other stakeholders had it includes provisions similar to the following paragraph which stated as "enlightened shareholders value". A director of a company must take action in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the likely consequences of any result in the long term the benefit of the company's workers the need to promote the company's business relationships with suppliers, customers and others the impact of the company's operations on the community and the environment.

Furthermore, rules which dealt with CSR are incorporated in the company law of different countries as a command and control mechanism. For instance, the 2013 Indian Company Act is the prominent one. In addition, ethical and philanthropic responsibilities are the basic aspects of CSR in which business entities are predictable to meet up, but the commercial code does not give

¹⁴⁰ Commercial Code, Negarit Gazeta 19th Year ,No.3 .Proc.No.166/1960 From 206, At Art 364-366

¹⁴¹ Supra Note 1

recognition to these apparatuses of responsive businesses.¹⁴² The other point concerning CSR under company law is disclosure and reports of non-financial performances.¹⁴³

3.2.4. Environmental policy of Ethiopia

The Environmental Policy of Ethiopia was approved in 1997 and is the first key document that Captured¹⁴⁴ environmentally sustainable development principles. Its goal is to get better and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.¹⁴⁵ It considers impacts on human and natural environments, provides for early consideration of environmental impacts in projects and programs design, recognizes public consultation, includes mitigation and contingency plans, provides for auditing and monitoring; and is a legally binding requirement.¹⁴⁶ Even though my case study focused on factory established during DERGE regime which is before adoption of this environmental policy and 1995 FDRE constitution

3.2.5. Establishment of Environmental Protection Organs

Proclamation 295/2002 establishes the organizational requirements and identifies the need to establish a system that enables coordinated but different responsibilities of Environmental protection agencies at regional and federal levels. The Proclamation indicates the duties of different administrative levels responsible for applying federal law. AS a part of the effort to realize the government's Climate Resilient Green Economy strategy, the former EPA has been improved by MoEC in 2015 by proclamation number 916/2015.

¹⁴² Supra Note 26 Page 65

¹⁴³ Ibid

¹⁴⁴ Policy Documents On Environmental Protection Drafted By Ethiopia

¹⁴⁵ EPA, 1997

¹⁴⁶ Ibid

3.2.5.1. Objective of Ethiopian Environmental Protection Authority

The objective of the Authority is to formulate policies, strategies, laws and standards, which cultivate or foster social and economic development in a manner that enhance the welfare of humans and the safety of the environment sustainable, and to spearhead in ensuring the effectiveness of the process of their implementation.

3.2.5.2. Environmental Impact Assessment

The Federal Government has issued a Proclamation on EIA, (Proc, 299/2002) and the primary aim of this Proclamation is to make EIA mandatory for specified categories of activities undertaken either by the public or private sectors, and possibly, the extension of EIA to policies, plans and program in addition to projects. The provisions of the proclamation include; projects will be subject to EIA and execution is subject to an environmental clearance from the former EPA or Regional Government Environmental Agency¹⁴⁷, as applies; or the Regional Agency depending on the magnitude of expected impacts, may waive the requirement of an EIA; All other licensing agencies shall, prior to issuing of a license, ensure that either EPA or the regional Environmental Agency has authorized implementation of project; a licensing agency shall either suspend or cancel a license that has already been issued, in the case that EPA or the Regional environmental agency suspends or cancels the environmental authorization; and approval of an Environmental Impact Study Report (EISR) or the granting of authorization by the EPA.¹⁴⁸

3.2.6. Environmental Pollution Control

This issue is regulated by Proclamation No. 300/2002 on Environmental Pollution Control primarily aims to ensure the right of citizens to a healthy environment and to impose obligations to protect the environment of the country.

The proclamation is based on the principle that each citizen has the right to have a healthy environment, as well as the obligation to protect the environment of the country. The law addresses the management of hazardous waste, municipal Sewerage waste, the establishment of environmental quality standards for air, water and soil; and monitoring of pollution.

¹⁴⁷ Procl, No. 300/2002 Art 3(2)

¹⁴⁸ Proclamation No. 299/2002). Art 8(1)& (2)

Furthermore, it empowers the EPA and/or the Regional Environmental Authority to assign environmental inspectors with the duties and responsibilities of controlling environmental pollution.

3.2.7. Solid Waste Management

This issue also regulated by, Proclamation no. 513/2007 aims to promote community participation in order to prevent adverse effects and enhance benefits resulting from solid waste. It provides for preparation of solid waste management action plans by urban local governments. Therefore, the proclamation states that Urban Administrations shall ensure the participation of the lowest administrative levels and their respective local communities in designing and implementing their respective solid waste management plans.¹⁴⁹ According to this proclamation, any person shall collect waste in an especially designated place and in a manner, which does not affect the health of the society and no person shall dispose solid, liquid or any other waste in a manner which pollute the environment or affects the health of the society.

3. 2.8. Prevention of Industrial Pollution Regulation

As a follow up to Proclamation 300/2002, a regulation to prevent industrial pollution was developed by the Federal EPA and endorsed by the Council of Ministers to ensure compatibility of industrial development with environmental conservation. This Regulation confers important obligations to industrial operators. A factory subject to the regulations is obliged to prevent or minimize the generation and release of pollutants to a level not exceeding the environmental standards.

The regulation also obliges industrial operators to handle its equipment, inputs and products in a manner that prevents damage to the environment and to human health. Moreover, the regulations urge industrial operators to prepare and implement an emergency response system of their own. On the other hand, industrial operators are required to prepare and implement internal environmental monitoring systems and keep written records of the pollutants generated and the disposal mechanisms used to get rid of the pollutants. In relation to it, factories are required by

¹⁴⁹ Article 51, Proclamation No. 513/2007

the regulation to submit annual compliance reports with the provision of the regulations.¹⁵⁰3.2.9. Environmental guidelines and standards

During 2008 – 2010 EPA had prepared draft environmental standards for several industrial sector activities and ambient environmental qualities. During the same period, the EPA also prepared several draft guidelines that includes the draft Guideline on Sustainable Industrial Zone/Estate Development. The accepted industrial emission standards include Tanning and leather finishing, Agro-processing production Manufacturing and finishing of textiles, pharmaceutical manufacturing etc.¹⁵¹, though specific issue for brewery or beverage industry left silent by policy documents ,recently issue of brewery industry and environmental related case are also incorporated in the revised bench mark guidelines rules for polluting factory category expressly or implemented environmental study over the projects¹⁵².

In general, starting from the constitution to different law Ethiopia in corporate useful environmental laws this is a positive step in applying the environmental policy and laws, however additional policy instruments and mechanisms are required to enforce the above law.

Again, the problem is that there is no political commitment to enforce the existing laws let alone the capacity of the country (weak regulatory power as a result of lack of man power and necessary technology), it seems that the government is geared towards growth/investment at the cost of environment. Sectarian approaches should be used to study the binding constraints in implementing Environmental policy, laws and standards.

3.2.10. Ethiopia's Climate Resilient Green Economy Strategy

To cope with the prevailing environmental problems such as land degradation and other climatic hazards (increasing temperature, rainfall fluctuation, flooding), and speed up its socio-economic development, the Government of Ethiopia has initiated climate-resilient green economy as a development strategy in 2011.

¹⁵⁰Prevention of Industrial Pollution Regulation, Regulation159/2008

¹⁵¹ FDRE Ministry Of Industry, Strategic Plan Of Industrial Development (2013-2025) Addis Abeba Page.21

¹⁵² Annex 9 ; Epa Schedule 1 Project List Of The Federal Democratic Republic Of Ethiopia ,Industrial Parks Development Corporation Updated Environmental And Social Impact Assessment For Kilinto Industrial Park Documents, March 2017 Addis Ababa Documents Page 190

This development direction promotes environmental protection, reducing fossil fuel consumption which releases greenhouse gases into the atmosphere. With demand for energy growing with the increasing industrialization, urbanization, and population the Government realized that harnessing clean and renewable energy sources such as wind, solar, hydro and geothermal energy sources was critical.

3.2.11. Investment Law

The objective investment proclamation is over all investment promotion in Ethiopia is targeting or planning improving living standards through the realization of sustainable development¹⁵³ that include social, economic and environmental aspects. Moreover, investments are expected to meet these general objectives and the specific objectives enumerated under Article 5 of the proclamation. However, sub-Article 1 to 8 of Article 5 of the investment proclamation only include a single word in one of the provisions which makes negligible reference to the environmental dimension of sustainable development that is under Art. 5(2) which dealt with utilization and development of natural resources and they do not make reference to the social dimension other than the employment opportunities mentioned in Article 5(8) which have economic and social dimensions. Thus, the investment proclamation gives little emphasis to social and environmental dimensions of the sustainable development components. The provision recognizes environmental and social aspect as secondary compared to the economic dimension. Moreover, under Art 5(6) and (7) it underlies the objectives of the proclamation is to enhance the role of private sector and the roles of foreign investment in the country's economic development. This includes the roles of companies to the country's development, but failed to recognize the other two dimensions of corporate sustainability. It only focuses on the roles of these sectors to the contribution of economic development not to their contribution to social and environment and how to mitigate the downsides results from their activities

¹⁵³ Ethiopian Federal Democratic Republic Investment Amended Proc.No.769/2012 Preamble

It can be argued that failure to encourage companies to incorporate social and environmental dimensions of sustainability, business owners are only hunting for maximizing their profit at the expense of other stakeholders. Therefore, they are reluctant enough to be socially responsible. However, it can be argued that in a country like Ethiopia where the market driven mechanisms, the roles of NGO's and the enforcement of government regulatory frameworks are weak it is mere ambition to expect corporate adopt voluntary socially responsible practices rather uses this as opportunistic compliance to further take advantage of the countries resources.¹⁵⁴ In this case, the maximum thing the investors opt may be CSR based on philanthropy rather than inclusive and embedded CSR reflexive of “triple bottom” lines approach to business. But, these results in „single win” rather than “triple win” expected from corporate sustainability.¹⁵⁵ It is obvious that, the Ethiopian investment proclamation N0. 769/2012 and regulation N0.270/2012 gave high protection and incentives for investors especially those investors engaged in food and brewery processing. Indeed, according to Dinh et al. (2012), with policy reforms that have been successfully applied elsewhere, Ethiopia could expand its export potential by orders of magnitude in several light manufacturing subsectors: apparel, leather products, agribusiness, and wood and metal products.¹⁵⁶ The detailed aspects of incentives are governed in the regulation (regulation No. 270/2012). The basic types of incentives (tax incentives) and investors entitled for it are listed in the table annexed to the regulation.

¹⁵⁴ Supra Note 85 P.71

¹⁵⁵ Ibid

¹⁵⁶ Dinh, H., Palmade, V., Chandra, V., And Cossar, F. (2012). Light Manufacturing In Africa: Targeted Policies To Enhance Private Investment And Create Jobs, The World Bank, Washington Dc.

Reading through the table one can understand that those sectors entitled for incentives are priority sectors identified either in the investment policy or law; or those that are identified to have contribution to the socio- economic development. The tax incentive scheme for establishment of industries in identified sector is extended for expanding and upgrading of those industries'¹⁵⁷

Although brewery industry is a middle-graded level categorized a pollutant industry, it is one of the sectors eligible for high tax incentives from 1 to 3 years in addition to other incentives. As to the Ethiopian investment proclamation N0.769/2012, any investor shall have the obligation to observe the laws of the county in carrying out his investment activities. In particular, he shall give due regard to environmental protection'¹⁵⁸ However, the proclamation doesn't put detail obligation of investors regarding environmental protection apart from putting the obligation to observe the laws of the county in carrying out his investment activities (may be environmental law of the country). It didn't put obligation to go beyond this (observe the laws of the county) such as applying ECSR in line with international CSR instruments.

3.3. The Ethiopian GTP

Ethiopia had almost concluding GTP 1 implementing its five-year (2010/2011-2014/2015) Growth and Transformation Plan (GTP).¹⁵⁹ Ethiopia's long-term vision is to become a country where democratic rule, good-governance and social justice reigns, upon the involvement and free will of its peoples; and once extricating itself from poverty and becomes a middle-income economy. The GTP is thus directed towards achieving Ethiopia's long-term vision.

¹⁵⁷ Art.6 Regulation N0.270/2012

¹⁵⁸ Art.38 Of Proclamation N0.769/2012

¹⁵⁹ GTPI Document (Or Sections 2.1 and 2.2)

In this regard, the major objectives set out in the GTP are maintaining at least an average real GDP growth rate of 11% and meet the Millennium Development goals, expanding and ensuring the qualities of education and health services thereby achieving the MDGs in the social sectors, establishing favorable conditions for sustainable state Building through the creation of stable democratic and developmental state, and ensuring growth sustainability by realizing all the above objectives within stable macroeconomic framework. The Plan expressly recognizes that development should be environmentally sustainable.¹⁶⁰ Moreover, it also states that it is necessary to formulate policies, strategies, laws and standards which foster social and economic development to enhance the welfare of humans and the safety of the environment sustainably, and to spearhead in ensuring the effectiveness of their implementation.¹⁶¹ As a vehicle towards the realization of Ethiopia's vision of becoming lower middle income country by 2025, the Second Growth and Transformation Plan (GTPII) is built on Sectorial Policies, Strategies & programs, lessons drawn from the implementation of the first GTP.

3.4. Environmental Protection and Building Green Economy

Strategic Directions

Enabling the community to actively participate in environmental protection and forest development activities as well as mixed farming, and implementing climate resilient green economy strategy at all administration levels and embarking on environmental protection and forest development are the strategic directions of the sector in GTP II.

¹⁶⁰ Supra Note 135 Page 51

¹⁶¹ Ibid

Major Objectives

Enabling rapid and equitable economic growth to be achieved in sustainable and environmentally sound manner, ensuring the implementation of the CRGE strategy in each sector of the economy and increasing the economic and social impact of the forest sector, through enhancing forest development, protection and utilization are the objectives of the sector in the second GTP.

Implementation Strategies

In the GTPII Plan, the sector has thus set goals mainly in relation to building climate resilient green economy, environmental protection and forest development. This will be applied mainly in priority sectors identified by the CRGE strategy. In addition, various goals are also set in relation to environmental protection licenses, forest development and utilization rules and ensuring development institutions work in compliance of environmental laws. In order to achieve the aforementioned and other goals of the sector, several strategies and mechanisms are designed Besides, developing systems in relation to environmental protection and forest development and utilization creating awareness on environmental strategies and laws at different levels of officials, experts and the community at large are also among the strategies design. However, the problem with GTPII is although it aims at protecting the environment, there is no plan to implement ECSR under its implementation Strategies in addressing environmental protection. It doesn't recognize the role and obligation of businesses, let alone polluting the environment, rather protecting the environment and reporting their environmental performance.

CHAPTER FOUR

ANALYZING PRACTICE OF ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY IN HARAR BREWERY SHARE COMPANY

4.1. Empirical Analyzing

In this chapter, the data compiled will be interpreted and analyzed. The analysis is supported by the information obtained from the key respondent's interviews, focus group discussion and the observation made during the research. Data interpretation and analysis is synthesized under the thematic areas. For this purpose data, information and observations related to analyzing the implementation of ECSR in Harar Brewery factory will be analyzed in relation to international instruments (the UNGC initiatives, OECD Guidelines for MNEs , GRI, ISO 14001EMS).

4.2. Current Trend of Harar Brewery in Implementing International and National Instruments on ECSR

The Environment Chapter of the OECD Guidelines encourages multinational enterprises to raise their environmental performance by improving interior or internal environmental management practices and looking for continuous environmental improvements. These can be achieved through a range of tools and approaches relating to environmental management, such as engaging in public information and stakeholder consultation; assessing environmental impacts through the whole lifecycle of processes; acting with safety measure not to exploiting resource over; providing for contingency planning; ensuring environmental training and contributing to the development of environmental policy.

Regarding this, the respondent say that,“ among the principles enshrined in the guide lines they practice some of them, for example our company is open any days for all community or government body, they give tours and awareness as much they can offer efforts in regard to environmental issues they offer awareness creation to people from different groups towards environmental issues (such as Climate change, Eco-efficiency, etc.) and also educate employees towards the current environmental problems and their solutions. However, they actually not implemented environmental management system and also other principles too.¹⁶² The ISO 14001-Environmental Management system (EMS) has been developed to help organizations identify, manage, and control the activities that have an environmental impact and awards participating companies an ‘ISO 14001 certifications even though the factory doesn’t follow this soft law rules as expressed by their advocates Ato Raji Usmail. Harar Brewery as member of (Heineken Company) launched Brewing a Better Future (BaBF) a 10-year program starting from 2010¹⁶³. The program focuses on four key areas: protecting water resource; reducing CO2 emissions, and energy consumption; sourcing sustainability and advocating responsible consumption. ¹⁶⁴ Harar Brewery also does a forestation of Hakim Gara (spring water source area) beautification of road sides of Harar and Dire Dawa town.¹⁶⁵ All breweries produced in Ethiopia, ISO 14000 accredited are undertaking environmental reporting (internal reporting) but there is no requirement existed for the others to submit such a report (UNEP)¹⁶⁶. The other important instrument on ECSR is disclosure of environmental activities according to the GRI, Sustainable Reporting Initiatives including the impact of organization on the environment,

¹⁶² Interview With Ato Raji Usmail lawyers And Legal Advocate Of Harar Brewery Share Company On July 14/2019 at Harar Ethiopia.

¹⁶³ International Journal Of Applied Research 2016; 2(4): 01-07 Environmental Corporate Social Responsibility Of Brewery Firms In Ethiopia K.Rama Mohana Rao „Fantayekassahailu Page 4

¹⁶⁴ African Business Review, July 23 2014 Page 18

¹⁶⁵ Ibid

¹⁶⁶ Ibid

however, the respondent of the said that “there is regular checkups by local authorities on our activities including its impacts on the environment¹⁶⁷,but our disclosure system is not according to the principles of the GRI, Sustainable Reporting Initiatives.”¹⁶⁸ On the other hand, the respondent replied regarding the above issues as follow. ” The status of Harar Brewery factory in polluting the environment is, it is difficult to say that there is significant change because as there is an always a blame from the surrounding community¹⁶⁹,even if as the company still the company use newly installed treatment plant of secondary level by 80million birr as responded by Mr Wondasen Tilaye general manager of the company¹⁷⁰. As a mandate, we based on the laws, the expert on the area having a checklist monitoring and evaluation will be made. For example, in case when hazardous chemicals is used, we take sample test, then we evaluate whether it is in line with the standard set by the country from national standard quality awards, world health organization food and agricultural organization maximum allowable limits. At the end, feedback (including their weakness and strength) will be written to them. Based on the feedback if there is no, change first warning will be written, even if the authority has the power to close most of the time we proceed with tolerance. In general, let alone implementing ECSR based on international instruments (OECD Guidelines for MNEs, GRI, ISO14001), the company is could not establish current standard treatment plant which is an appropriate solution in addressing pollution as participants Fayo Mukter¹⁷¹ response to the researcher,

¹⁶⁷ Wondasentilaye general menager of Harer brewery share company

¹⁶⁸ Ibid

¹⁶⁹ Id

¹⁷⁰ Interview with Sulxan Hajji (Dr) Directorate Director at Harari Regional State Environmental Protection Authority On March 08/2019 At Their Office

¹⁷¹ Interview, WithW/RoFayoMukter, Environmental Monitoring and Evaluation Pollution Control Senior Expert, At Harari Regional State Environmental Protection Authority in July 7 ,2019

there is also additionally strongly supported prior field research on the waste of Harar brewery by expert from Haramaya university in collaboration with Harari regional agricultural Bureaus they reported as 05/006/07 on 19/01/2007 date indicated are according to Ethiopian calendars Harar Brewery company waste water are to danger for human and environments ,for the other thing they couldn't recycle the water so that there will be no practicing waste reduction implementation plan. Regarding the, the disclosure of environmental activities, we give them a mandate to report quarterly ,however there is a problem of implementation both by the company and us»¹⁷² On the other hand the respondent from Harari Environment protection agency general Sulxan Hajii [Dr]regarding how the Bureau follows up the implementation of the Environmental policy guide line to brewery Industry respond that” the follow up is made ¹⁷³ by two ways: 1. Based on the mission of the Bureau especially breweries industry as they are more pollutant than others from among industry existed in the city 2. based on the complaint comes from the society and also the report of the local government(incase the issue is beyond t).

In general, as to the countries law , the brewery (agro-food processing) industry should presumed to have their own guideline while they don't developed minimum accepted guidelines and emission system to avoid pollution, however our industries are not reached on this stage and also they follow up is not enough hand not fruitful. The reason for why brewery is less reactive to Implement Environmental policy regulations is that all things are in the commitment limitation of time to fulfill all what is expected from factory, i.e. since the is in need of investment companies are established prior to enactments of FDRE constitution, Environmental policy ¹⁷⁴ .

¹⁷² Interview With W/R FayoMukter, Environmental Monitoring and Evaluation Pollution Control Senior expert at harari regional state regional state environmental protection authority in July 7, 2019

¹⁷³ Supra note 172

¹⁷⁴ Supra note 164

without making EIA will directly start production, then stopping the production is problematic and there is clash of interest (society, environment and growth), again the investors use this (need of investment for growth) then the issue of the environment will not be the concern of investors. Regarding the annual report of these industries to include the activities done to address environmental problem and also the impact of the activities on the environment, the respondent continues by saying (Ato Jemal Ahmad café chief administrator of Sofi worda. However, there is problem of implementation, for one thing reporting all CSR in yearly certificate renewal time, have never seen a single company let alone the brewery industry, making annual report to the Bureau. Lastly, it was noted earlier that the limitation of this research is that it focused on the selected brewery of for another respondents) the bureau itself is not structured to follow up the implementation and making them responsible in case they fail to report which is difficult as this needs awareness creation, human power and the integration of other government body. Regarding the international CSR instruments such as OECD Guidelines for MNEs, GRI, ISO 14001 to address environmental issue (pollution), let alone its implementation to the brewery industry, they are not implementing the countries environmental laws (proclamation ,regulation and guidelines) for example, they are still they are on the Secondary treatment stage as oppose to currently tertiary treatment standard¹⁷⁵, it is a new concept even to, however there is a good start by horticulture industry but it is for their interest (market access, image and goodwill).

At the end what I recommend is that the countries environmental laws should be implemented properly, the policy of the country should balance the two competing interest (environment and economic growth) otherwise, let alone the environment there is will be no sustainable development, the complain of society will continue, the company itself will not sustain which need the cooperation of all stakeholders and building the countries capacity”¹⁷⁶.

¹⁷⁵ Supra note 171

¹⁷⁶ Ibid

Again, there was hot discussion with other respondent of the Bureau, the summary of the interview will be as follow: “As far as my knowledge is concerned, to address environment issue great effort have been made to create awareness about the countries environmental laws including the constitution in light of right, mandate of society and the government on the meeting, by giving training and by using the media .Regarding the implementation of the Environmental policy guide line to brewery Industry, there are two ways:

I) The EIA Proclamation only implement in projects that are built after the enactment of EIA law in the country. So Harar brewery is one of the oldest brewery factories which established way before enactments of the law and does not have to have EIA but have to develop Environmental management plan (EMP) so, the company establish an environmental management system to enhance the positive impacts and to mitigate the identified measures activities in its plan and formulate the monitoring system. Environmental management involves the implementation of environmental protection and mitigation measures and monitoring for significant environmental impacts¹⁷⁹. Environmental protection measures are taken to: mitigate environmental impacts, provide in-kind compensation for lost environmental resources, or enhance environmental resources.

II) Monitoring and evaluation i.e. it will be made not only by our level but also local governments including kebele administration, there is a check list monitoring and evaluation then there is a feedback report. In addition, environmental auditing will be made to pollutant industries such as brewery, tannery, cement and textile, and then such measures (written feedback, first written warning and up to closing (having the audit report which is based on laboratory) until they approve their problem based on written feedback) will be taken¹⁷⁷ .

¹⁷⁷ Mr.AdisuTibebukumsa ,Senior Experts At Commission Of Environmental ,Forest And Climate Protection Commission On July 16 /2019.Addis Abeba Ethiopi

About ECSR in Harar Brewery factory. As to me, the future direction, for one thing, protecting the environment should not be seen as only the mandate of this bureau¹⁷⁸, all stakeholder should play their role implement the countries environmental laws of the country including the emerging tools such as international CSR instruments OECD Guide lines for MNEs, GRI, ISO 14001 and ISO 26000 to address environmental issue (pollution). For the other thing, environmental compliance inventory should be made i.e. attention must be given to problematic industries such as brewery, however what has been doing is the fire based on the societies.”¹⁷⁹ because, the commission office send one them last week to Harar Brewery company environmental auditing aspects even though that field study is not completed we are in working with public compliance from that factory as additionally informed by (Ato Adisu Tibebe senior expert from Ethiopian environment ,forest and climate change commission on interviews) .Again, in an interview made with the Commission of Environment Forest and Climate Change (Ato Adisu Tibebe senior experts) regarding the basic role that the commission plays with respect to pollution control in industries/breweries , the respondent say that “there is a pollution control proclamation, depending on that most of the time we follow up the implementation of the proclamation, in doing that we give support such as technical support to regions since it is the duty of them. There is the so-called environmental directorate which goes down up to industries to check its implementation as my interviewee from federal environmental, forest and climate change commission, he is from inspection directorate senior experts. As to evaluating its implementation this office cannot do everything alone, since it is a cross-cutting we do with all stakeholders, how much it is strong is the other question. Again, there is a consultative workshop, work of inspection and also awareness creation will also be done.

¹⁷⁸ Ibid

¹⁷⁹ Dr Sulxan Haji, General Director, Harari Environment, Forest And Climate Change Authority, Harar , March 08 2019.

Regarding the implementation of these industries apply CSR in general and ECSR in particular to address the pollution caused as a result of their operation, at the very beginning CSR is not mandatory, it is something going beyond the law voluntarily and as its application to such industries, I afraid let alone applying ECSR, they couldn't properly apply the country's mandatory environmental laws as commission plans CSR, however the problem is how to make it mandatory since it is a voluntary action. Again, there is no soft law on CSR, truthfully speaking what is being done is to make the comply with the country's mandatory environmental laws, it is not the right time for CSR, however there are some corporations those apply ECSR somewhat such as horticulture industry.”¹⁸⁰

On the other hand, the other respondent says “normally following up the country's mandatory environmental laws, is the mandate of this section, in doing this we have our strategy especially on those industries given a license by the federal level. For example, if the license is given by the investment commission, the mandate is ours, we have a checklist, and we give them a feedback. Most of the time we are concentration supportive, unless it is dangerous, we don't take them before the law to make them responsible, they don't take any administrative remedy until legal remedy is given by concerned organ. Regarding implementation of environmental activities, when the license to operate is given to them, there is a condition which includes the mandate of reporting, they are expected to report to us or to the other organ given delegated power by this ministry. There is a problem of implementation, we only push them, there is no penalty for non-compliance, most of the time they send to the main company, however the main company doesn't send to us. Again, let alone the implementation of international ECSR such as OECD Guidelines for MNEs, GRI, ISO 14001, ISO 26000 to address environmental issue (pollution), put into practicing of the country's environmental laws is challenging, such instruments are new concept to most of us including industries¹⁸¹ .

¹⁸⁰ Ato Addissu Tibebe senior expert at ethiopian federal republic environment, forest and climate change commission July 16/2019.

¹⁸¹ Ibid

According to Environmental Pollution Control Proclamation No. 300/2002 and the regulation of Industrial Pollution, Industries, including brewery the annual report of these industries to include the activities the done to address environmental problem should have appropriate mechanism for not discharging hazardous chemicals to the environment. In relation to this brewery are expected to have ETP. During the field visit it is observed that Harar Brewery Share Company has secondary ETP, but below domestic permitted standard, which have no tertiary ETP. Environmental policy, regulations and standards are not properly implemented by Harar Brewery share Company due to lack of cost-effective mechanism of treating its waste, over exploitation of its major raw material of water for free from Finqile deep well, financial constraint and skill in running CETP. Using ETP by Harar brewery share company has its additional cost of production, this cost coupled with the less competitiveness nature of the in the internal market results in discharging waste water without treating adequately to the environment.

All key respondents of three kebeles community leaders who participated in the FDG blamed the company waste water pollution and over exploitation of HakimGara spring water. They have also explained as the company didn't engage the community in environmental pollution and resource utilization discussion. They further added that even though the company's waste water management system is relatively improving as compared to last couple years, still there is significant pollution related problems.¹⁸² In addition to this the respondents including the FDG accept that there is no significant improvement on complying with the environmental standard sets by MoEF as there is still public grievance but the respondents who participated in the FDG are afraid the severe pollution effect that occurred on HTV on Harari mass media television program on February 02,2019 transmitted.¹⁸³ Published by Walta television on April 9of 2019.¹⁸⁴ The MoEF sets Environmental guidelines and standards to be followed by brewing industry.

¹⁸² Interview with selected three kebeles community leaders on march 9,2019.

¹⁸³ Public compliance from Harari mass media agency on 24/5/2011 E.C. February 1/2019.

¹⁸⁴ Up On Walta Television Public Grievance Of Surrounding Community By April 9/2019

Regarding the CSR, let alone, international CSR instruments such as OECD Guidelines for MNEs, GRI, ISO 14001 to address environmental issue (pollution), the concept is almost new to all of them but Harar brewery share company and the respondent from the Commission of Environment Forest and Climate Change have a relatively a good understanding of the concept.

4.2.1. Implementation EIA in Harar Brewery

The EIA Proclamation only implement in projects that are built after the enactment of EIA law in the country as responded by Raji usmael.¹⁸⁵ So Harar brewery is one of the oldest brewery factories which established way be for enactments of the law and does not have to have EIA but have to develop Environmental management plan (EMP)¹⁸⁶ so the company establish an environmental management system to enhance the positive impacts and to mitigate the identified measures activities in its plan and formulate the monitoring system. Environmental management involves the implementation of environmental protection and mitigation measures and monitoring for significant environmental impacts.¹⁸⁷ Environmental protection measures are taken to: mitigate environmental impacts, provide in-kind payment for lost environmental resources, or enhance environmental resources. These measures are usually set out in a plan, which covers all phases of the project from pre-construction through decommissioning, and outlines mitigation and other measures that will be undertaken to ensure compliance with environmental regulations and reduce adverse impacts. The execution arrangements should be presented in the Plan taking account of the local conditions. Preparation of environmental management plan is required for formulation, implementation of environmental safe guard measures during and after commissioning of projects.

¹⁸⁵ Supra note 164

¹⁸⁶ Ibid

¹⁸⁷ Supra note 171

The plans should indicate the details as to how various measures have been or are proposed to be taken including cost components as may be required. So, the management plans should be necessarily based on considerations of resource protection and pollution abatement. Due to the reason of the only industry and very old one also the environmental protection agency is new and not yet well established in terms of skilled man power and is unstable office it's difficult to follow up industries situated in the region and the brewery is very power full in the region the impact that come from brewery have been never given attention even if it cause big impact the environmental protection agency cannot control the brewery and the brewery its self that the responsibility to build environmental management plan and it's to some extent very success full.¹⁸⁸

4.2.2. Challenges of Brewery Waste Water Systems

Water is the largest raw material used in the brewing process which needs an estimated seven barrels of raw water to produce just one barrel of beer. This means generally it's possible to say 65% of the total water used in the brewery ends up as waste water while small portion of the water is boiled off during the kettle boil or captured in the spraint grain.¹⁸⁹ Breweries area wide spread industry in Africa and brewing intrinsically water intensive industry. According to the sectarian study and framework analysis conducted in Ethiopia, Ghana, Morocco and Uganda, water consumption and specific use (water/hlbeer) varies greatly between breweries in the study countries and ranges from 7.2 hl/hl in Uganda to 22 hl/hl in Ethiopia. Most breweries are still far from the accepted international best practice bench mark of 6.5hl/hl, let alone the best technology level of 4hl/hl.

Most African breweries are privately owned – often by multinational parent companies, which are expected to uphold the principles of corporate social responsibility in their operations¹⁹⁰ despite there being substantial improvements over the years, water

¹⁸⁸ Ibid

¹⁸⁹ Deribachowbekana ,(Msc)Abitedasa (Phd), Nigusedechara (Phd), Mengistu Urge (Phd) On Annual Ongoing Research Projects Submitted To Haramaya University Extension Office , On Tittle Of impact of effluent from Harar brewery on the water down stream river and its toxicological implication on human lants and livestock in 2014 page 2.

¹⁹⁰ Sustainable Water Utilization In African Breweries Current Practice And Prospects , A Sector Study From Wark Analysis Of Water Consumption In African Breweries With Focus On Situation Of Ethiopia,Ghana , Morocco ,Uganda ,Prepared For UNEP's Project On African Brewery Sector Water Solving Initiative Page 4

consumption and waste water disposal continue to create environmental hurdles that directly impact breweries and the brewing process. This is because the brewing process is extremely energy intensive, and uses substantial volumes of water.¹⁹³¹⁹¹

The main challenge of EIA implementation in the region, lack of public participation, lack of updated legal knowledge of lawyers in the field, lack of responsibility of business persons and legal government officers also lack of sufficient attention of the regional government to environmental issues also there is no sufficient human resources and trained personnel's in EIA¹⁹² are few of them. There is repetitive follow up but it is not satisfactory because EPA is not well organized due to the less attention given by the government and the brewery is way power full than the regional EIA. So they cannot follow up the brewery properly but as schedule they have plan to follow up the brewery once in three month but practically they only manage once in a year and sometimes when there is a complaint from the public the make sudden inspection without schedule which is as such not successful because the waste that is pollute the area is discharged during night time and the EIA officials cannot go there at the time of release take place due to many reasons such as transportation and lack of expert to investigate the impact the agency have¹⁹³ to help and alleviate them , Harar brewery innovate solution to integrate sustainability into their business practices.

Also, the brewery optimizes their processes, and adopt energy-saving and water management strategies the brewery uses microbes to clean all of its production waste water through a series of aerobic (with air) and anaerobic (without air) basins. Waste water plants use aeration tanks to suspend microorganisms in wastewater.¹⁹⁴

¹⁹¹ Supra note at 182

¹⁹² Ibid

¹⁹³ Ibid

¹⁹⁴ Supra note 104

Waste water pre-treatment or pre-cure is an important investment for green-conscious breweries. The implementation of Ethiopian environmental laws specifically the principal legislation that is EIA Proclamation is not sufficient enough to protect the brewery industry environment in Ethiopia because most of the industries which cause impact on the environment are established before the EIA proclamation is enacted and they are not subject to EIA but they are only responsible to environmental management plan and the Harar brewery is not different because it is built very long time ago before enactment of EIA proclamation.¹⁹⁵

4.3. What is the Role of Government in Facilitating the Implementation of Environmental CSR

Economic development and resource exploitation pass through different governing theory while recently or today's more attention is directed towards the environmental aspect of CSR. More and more companies place environmental related issues high on their CSR agenda. Governments have an essential role to play in Social Responsibility, and many government organizations are making significant advances in this field

¹⁹⁵ Interview With W/Ro Najuma Mohamed, Public Prosecutor At **Harari** Regional State Legislative Drafting And Legal Awareness Creation Directorate Director At Harari Regional State Justice And Security Brue

4.3.1 The Changing Role of Government

The role of governments as stakeholders is authorized by the fact that they are elected representatives of the people. In a globalized world the usual or traditional regulatory governmental stance is no longer applicable due to the economic power of companies and the degree of regulation has been affected and economic and governmental and relationships enlarge beyond national boundaries. The power of governments being eroded, they are facing ethical problems or dilemmas between society and business. Hence in the new regulatory approach companies are included along with governments and civil society¹⁹⁶ Governments which show pro activeness in policy making related to CSR activities of companies benefit through increased peace and stability, enhanced environmental protection, improved or increased public trust due to the mainstreaming of sustainable development and assurance to communities adversely affected by business activities of getting redress.

4.3.2 Why Governments Show Interest in ECSR?

Governments have become increasingly proactive in promoting CR by adopting a variety of policies to encourage responsible business activities on new established project on one hands and enforcing the prior existed company such as ADO shakiso Gold mines from Midrok company groups, Harar breweries under Heineken company groups, to including CSR in general and ECSR implementation strategy that competent with the MDG development goal on the other hands.

It has begun to see CR as a subject with relevance for public policy, due to its ability to enhance sustainable and inclusive development, increase national competitiveness and foster foreign investment. Given the management focus and widely accepted voluntary character of CSR, why do governments care about the concept at all? This question can be answered by the following five literature-based propositions:

¹⁹⁶ Ibid

First, governments are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis. This motivation touches not only on policy objectives related to sustainable development and environmental protection, but also to foreign policy goals such as human development and development assistance¹⁹⁷ because CSR is concerned with redistributing corporate resources to public causes.

Second, CSR policies are regarded as a smart complement for hard-law regulations in cases where new regulations are politically not desirable or infeasible (in particular at the international level; Compared to hard-law regulations, the soft-law character of CSR and CSR policies implies comparatively low political costs in terms of resistance by special interest groups¹⁹⁸.

Third, governments inevitably define CSR negatively with conventional social and environmental regulations because the ‘voluntary business contribution to sustainable development’ starts where the legal framework ends¹⁹⁹. In addition, governments seek to play a more active role in defining the concept and also fostering the respective practices positively with softer, non-binding initiatives.

Fourth, a looking to the governance literature of recent years shows that the soft approach of CSR policies overlaps with a broader transition of public governance altogether, which leads away from hierarchical regulation towards more network like and partnering modes of self and co-regulation.²⁰⁰

Fifth and finally, since CSR is concerned with managing business dealings with a broad variety of stakeholders, the concept obviously reshapes not only management practices but also the roles of, and relations between, government, businesses, and civil society. In this respect, CSR leads to “shifting involvements of the public and the private” sectors²⁰¹. Consequently, many European governments have assumed an increasingly active role in shaping and promoting CSR in recent years, in which the effect has been that a new thematic area of political activity, i.e. a distinct policy field has emerged.

¹⁹⁷ Hauler, V. (2001): A Public Role for The Private Sector: Industry Self-Regulation In A Global Economy. Washington: Brooking Institution p.29.

¹⁹⁸ Moon.(2007): the contribution of corporate social responsibility to sustainable development in :sustainable development 15, 296-306.

¹⁹⁹ McWilliams, A. & Siegel, D. (2001): Corporate Social Responsibility: A Theory of The Firm Perspective, In: Academy of Management Review, 26/1, 117-127.

²⁰⁰ Koopmans, J. (Ed.) (1993): Modern Governance. London: Sage.

²⁰¹ Ibid

4.3.3 The Role of Government in CSR Promotion

Government actions are significant for creating an enabling environment for private sector development that diminishes risks, lowers costs and barriers of operation, and raises rewards and opportunities for competitive and responsible private enterprises. Governments have a role to play in ensuring that corporations behave according to the rules and norms of society; corporations stand to gain from CSR activities due to its Social influence and acceptance.²⁰² Hence governments play an important part in supporting corporate social responsibility initiatives.

Governments can legislate, foster, partner with businesses and endorse good practice in order to facilitate the development of corporate social responsibility.

4.3.3.1. Initiative by Government

The next section introduces some initiatives which combine some of the different roles that government may undertake to raise the CSR profile of a country. Some key means used to introduce an enabling environment for CSR in a country include the following initiatives.

- i. Creating an enabling environment- There is substantial evidence that governments around the world have begun to take on a CSR agenda. Some studies emphasize the influence of public policy as a critical factor in establishing a context within which CSR practice can flourish. Public policymakers can thus initiate policies and measures enabling CSR to flourish using several means
- ii. Creating awareness and raising public support- CSR cannot be imposed against the will of enterprises, but can only be promoted together with them under involvement of their stakeholders. The first step to promote CSR in a country is necessarily to fill the knowledge gaps about the significance and contribution of CSR to business success and sustainability, as well to increase awareness and acceptance²⁰³.
- iii. Establishing a specialized CSR agency- Governments in many countries has decided to setup specific agencies with a specific mission to promote CSR practice in their respective

²⁰² International Journal Of Computing And Corporate Research ISSN (Online) : 2249-054X Volume 4 Issue 1 January 2014 ,International Manuscript ID : 2249054XV4I1012014-09

²⁰³ Bertelsmann, S. & GTZ. (2007). the CSR Navigator: Public Policies In Africa, The Americas, Asia and Europe

Countries. In Thailand, for instance, the CSR Institute (CSRI) was established in 2007 to promote CSR practices among its listed public company members.

- iv. Reforming regulatory frameworks to meet CSR-related standards- Government plays an important role in setting standards that reflect a minimum standard of good CSR practice or performance requirements. It also can make necessary changes to regulatory frameworks in cases where laws, tax and administrative compliance may hinder the development of responsible business practice.
- v. Fostering interaction with businesses, NGO's and other key stakeholders-Government is in a unique position to convene necessary stakeholders in order to address social problems through a CSR agenda. In one way or another, governments can partner with foundations and corporations to support business responsibility initiatives.
- vi. It plays a key role in facilitating meaningful stakeholder dialogue with the business community (for example, by building the capacity of civil society actors or by directly facilitating dialogue and multi-stakeholder processes).

In some cases, governments require companies to enter into stakeholder engagement through mandatory legislation. In many cases, governments can harness the community development potential of corporate philanthropy and social investment through dialogue to optimize their alignment with community needs. In certain cases, they can mandate corporate contributions in return for a license to operate.

4.3.3.2 Types of Government Intervention in CR

In selecting the appropriate types of policy intervention, governments must take into account local socioeconomic, political and cultural contexts as well as the specific problem or action areas in and through which social change is desired. Governments may wish to combine different types of intervention in order to address social challenges effectively. Practical experience shows that various types of government interventions can comfortably coexist, and can in fact be complementary. There are at least four types of government intervention that can usefully be distinguished.

I. Awareness-Raising

Due to the voluntary character of CSR, management activities and corporate performances essentially depend on how social and environmental concerns are perceived among both

companies and stakeholders. Awareness -raising instruments represent an important tool for governments in-disseminating the idea of CR and providing incentives for business to adopt it. Raising awareness is an important first step leading to public sector engagement in CR.

II. Partnering

Partnering instruments lie at the heart of the CR public policy agenda. Partnerships combine the expertise, competencies and resources of the public sector with those of business and other societal actors to address action areas within the CR agenda, thus creating benefit for all.

In these partnerships, governments may be the initiator, moderator or facilitator. Through facilitation, governments enable companies to engage in CSR to drive social and environmental improvements. Government may provide tax incentives award schemes that increase the visibility of CR activities, training and capacity building and providing funding for research on CR and penalties to promote responsible business; ensure business can access information needed; facilitate understanding of minimum legal requirements for issues relating to responsible business practice; include CSR elements in related policy areas (such as industrial policy, trade policy, environmental policy, and labor policy); offer capacity building, business advisory services and technical assistance to business when needed ;or ,support supply chain initiatives and voluntary certification. When I come to my particular Harar brewery share company, its family of Heineken also entered into a Public-Private Partnership (PPP) with the government of Harar Regional State, Vitens Evades International (VEI), Acacia Water and other stakeholders in order to secure water availability for Harar Region. The focus within this project thus lays specifically on the Region of Harar State since one of the breweries is located in Harar. The specific aim of this project is to ensure long term water availability for urban, rural and industrial users in Harar, whereby one of the targets set for the project is to create water access for 50.000 people in both rural and urban areas (HeinekenN.V. 2015)²⁰⁴ .

The observation of this paradox maybe supported by a short calculation indicating the positive impact that the SWHS PPP has for the local population, relatively to the size of production and its combined water usage of the brewery of Harar²⁰⁵ Namely, according to the WHO (World Health

²⁰⁴ Marijedoolard ,Future Planet Studies With A Major In Human Geography Toward Water Security With Heineken In 2017 Page 17

²⁰⁵ Ibid

Organization), the minimum quantity of water required to provide drinking water is approximately 15 liters water per person per day²⁰⁶.

Taking this in to account, the 50.000 people that are provided sustainable access to water by the SWHSPPP are approximately accounted for $50.000 * 15 \text{ liter} = 750.000 \text{ liters water per day}$ in total. Moreover, the Harar Brewery S.C. produces 50.000.000 liters beer annually²⁰⁷, which brings it to a production of 136.986 liters beer on a daily basis $(50.000.000 / 365)^{208}$. Thereby, assuming that for the production of 1 hl of beer between 4 to 22 hl of water is needed; the amount of water needed for this daily production is on average 137.000.000 liters of water per day $(\pm 136.986 * 1000)^{209}$. This is in comparison to the earlier stated 750.000 liters of water that is compensated for by providing sustainable access to water in urban and rural Harar, which is little comparatively to the 137.000.000 liters water. This calculation thus strengthens the paradoxical nature of Heineken's 'water is balancing', since the water they are trying to compensate or balance for is little compared to their total water usage.²¹⁰

Secondly, the water usage and discharge of the brewery do not seem to be negatively affecting the water security of the surrounding local population. Rather the activities of Heineken in the SWHSPPP provide new water sources for 50.000 people in rural and urban areas. However, here by it should be noted that 'water balancing' is a contested activity, since water extraction in one place may never be fully compensated by providing new water sources elsewhere²¹¹. They achieved our 2015 target and decreased average water consumption in their breweries worldwide to 3.7 hl/hl, a reduction of 26% compared with base line year 2008.

This is the first year they also report on average water consumption in their breweries in water stressed areas. In 2015, this figure was 3.6 hl/hl (2014: 3.8 hl/hl). More than 56% of their total production volume in 2015 is already below the 2020 target of 3.5 hl/hl. There remains a number of each site where water consumption is too high. Thirty-six sites, representing 11% of their volume, are operating above 5 hl/hl.

²⁰⁶ Ibid

²⁰⁷ Ibid

²⁰⁸ Ibid

²⁰⁹ Supra note 124

²¹⁰ Supra note 125 p 31

²¹¹ Ibid page 33

In addition, 21 sites representing 10% of their volume, water consumption per hl increased by more than 5% in 2015.²¹² They come close or approach to is to make detailed action plans for decreasing or reduction of water use in their breweries, set in within the Total Productive Management (TPM) framework. They are prioritizing improvement projects based on impact and improvement potential. For example, they reduced water consumption at them brewery in Ijebu-Ode (Nigeria) by nearly 0.8 hl/hl in just six months by reducing the losses in the pasteurizer and by solving leakages ²¹³In Ethiopia, they continued their part or contribution to a Public-Private Partnership along with the government of Harar Regional State water and sewerage Authority, Vitens Evides International B.V. And other partners, which aims to ensure long-term water availability for the Harari Region. An assessment for future(20years'time) water needs of the region was completed, as well as an assessment on current water resources and water resources use for rural water supply. A platform of local stakeholders was established for joint decision-making on water resources allocation. Preparation for the building or construction of pilots and dams started for sustainable ground water storage.

III. Soft Laws

Soft law interventions to promote CR are non-regulatory interventions. Examples of soft law policies include the promotion of universal principles such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the GRI, ISO 14001 and ISO 26000 the inclusion of corporate responsibility criteria in public procurement procedures and the establishment of a national action plan on CR. Soft forms of regulation may offer an attractive complement to legislation. Unlike mandatory instruments, which often require long and intensive negotiation processes, soft law instruments can provide a flexible approach that can be easily adapted to a variety of policy fields.

It can take various forms, including commitment to implement international principles; education or awareness raising programme ;official policy documents; publicity of good CSR practice conducted by other leading companies; specific CSR related award schemes(such as a National Green Business Award); or, endorse specific pro-CSR indicators ,guidelines(such as

²¹² Ibid Heineken 2015 Reporting P.13

²¹³ Ibid p.15

international ECSR and implementation such as OECD Guidelines for MNEs, GRI, ISO 14001, ISO 26000), systems and standards.

IV. Mandating

Mandating instruments are often used to set and enforce minimum standards for business performance in CR-relevant areas such as environmental protection, anti-corruption and labor laws. These standards can come in the form of laws, regulations or sanctions which regulate and enforce business activities. Although CR is generally considered a voluntary tool, a number of governments have implemented mandatory measures in recent years that oblige companies to report on their CR-associated business activities or to initiate public-private partnerships. Mandatory instruments represent conventional (social or environmental) policies that curtail the scope of softer CSR policies, and not the other way around. In this sense, governments usually emphasize that their CSR policies complement the existing hard-law. Governments at different levels can regulate the behavior or practice of business by defining minimum standards for business performance embedded within the legal framework; establishing targets for business to achieve; setting up enforcers and inspectorates to oversee business conduct; promulgating codes or laws to confine undesirable business conduct; or imposing license of operation or mandatory environmentally friendly industrial systems.

Examples of this include mandating the implementation of ECSR especially for pollutant industries. Heineken company groups bought this brewery from Ethiopian privatization agency in 2013 and strategic policy on the CSR as well as ECSR implementation is existed on framework performance by Heineken sustainability report 2015.²¹⁴

4.4. How to Incorporate the Implementation of ECSR Activities in to the Countries

Legislation?

It is nice to note that, there should have been strong legal frameworks under Ethiopian company law that gives a room for the environment. This could have been done, for example, through the incorporation of ECSR instruments. Furthermore, giving a say to the environmental authorities in essential issues to be decided by the company that affects the environment should have been taken into account. Transparency and public participation of the communities around should have been

214 From Heineken Sustainability Report 2015 Brewing Better World P.6 Table ne/48004323.Pdf.

given an appropriate weight or credence under our company law. Once more, reporting requirement and implementation on their CSR performance should get position under our company law. However, these and other interests do not obtain the required recognition under our company law. Apart from maintaining or keeping the interest of shareholders and herding towards investment by encouraging investor and protecting environments, our company law and investment proclamation and regulations should give due attention to the environmental protection by fitting international instruments on ECSR and put responsibility or commitment on investors to apply such instrument. Yet again, our future Ethiopian government strategy such as GTPII (if it is to be revised), GTPIII and other strategies, agenda as and similar programs should include international instruments on ECSR, so as to enable businesses especially the pollutant one in addressing environmental pollution caused as a result of their operation in new project establishment, and enforcing or upgrading existing pollutant industry to revising their strategic plan with ECSR established framework universally developed soft laws with its maximum commitment time.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

After careful examination of the implementation ECSR throughout the Harar Brewery Share Company, analysis and interpretation of the study was made based on the data obtained through questionnaire distributed to, an interview conducted and the observation held in Harar Brewery Share Company. Based on the analysis and interpretation, conclusion and recommendations of the study are presented in this chapter. The purpose of the paper was to examine the implementation of ECSR concept in Harar Brewery Share Company as case study, After the data interpretation and analysis the following major findings were obtained. From this study it is found that, the concept and development of international instruments on ECSR and its implementation is at infant stage in Ethiopia, it is not recognized under the Ethiopian company law, investment proclamation and the GTP II in realizing the right of people to live in a clean environment and addressing environmental issues.

As the Harar brewery share company is established long time ago prior to enactment of EDRE constitution and EIA so the company the Harar brewery is one of the oldest brewery before enactment of the law and doesn't have to have EIA but have to develop environmental management plan hence the company has established an environment which established way before management system to enhance the positive impacts and to mitigate the identified measures activities in its plan and formulate the monitoring system. Harar Brewery uses water from the Genela spring, which is situated on its premises. It supplements this with water that it pumps from Finkile, located 33 km from the site.

The brewery is capable of producing 500,000 hecto- liters per year in 2011, the state-owned Harar Brewery became a subsidiary of Heineken International through a buyout costing \$78 million USD, even though it was established in 1984 as public enterprise. Company has permanent employee of 110 & out sourced employee 273 on interview date with ato wondesan Tilaye From this study, it is found that different stakeholders have different conception about ECSR and its implementation in Harar Brewery factory. As Mr. Adisu xibebu kumsa

responds he have Relatively a good understanding and know-how about international ECSR instruments such as OECD Guidelines for MNE's, GRI, ISO 14001, ISO 26000 to address environmental issue (pollution), however, Harari environmental protection authority and Sofi wordeda administration, the same will be from federal environment, forest and climate change commission (CoFEI) including FGD have no idea about this concept.

Though there is some improvement waste discharge by Harar Brewery share company is below permitted standard from FAO, WHO minimum limits which continued by discharging dangerous chemical to down streams farmers 218, it has been affecting the ``Sofi'' villages environment, it affects human and animal health. Some farmers have no confidence to use Bishanbuna, Mawir, Warxeb, Selax & Sofi Dakar which known's by down streams of Harar Brewery factory surrounding community for irrigation purpose and all in all it damages the overall ecology of the community²¹⁹. There is policy implementation gap in realization of environmental policy in two Sofi rural kebele administrations of Aaw-omer and kebele 15 of Harar city.

Though the community leaders of this village have the chance to participate in environmental issues; there have been capacity limitation and weak coordination between government institutions to bring innovative ways and solution for the waste discharged by Harar brewery Share Company and another hotel near downstream of river.

Lack of practical solution in keeping the environment sustainability is making theme investment phobic about future projects in their village; this is dangerous because of the fact that without future investments it is difficult to bring economic growth.

5.2. Recommendations

Having the above conclusion in mind this paper forwarded the following points as recommendations for different concerned organs. These are:

I. For Social Enterprises

The active role of mass media and increasing public environmental awareness shall create more opportunities for good environmental reporting and disclosure linked to the management of company reputation. Therefore, country's mass media including the social media should play their active role in introducing international CSR instruments such as OECD Guidelines for

MNEs, GRI, ISO 14001 to address environmental issue (pollution) in the country to all stakeholders especially to the pollutant industries. They should influence the government to endorse such international CSR instruments such as OECD Guidelines for MNEs, GRI, ISO 14001, ISO 26000 to address environmental issue (pollution) and the corporations to implement it.

II. For Multinational and Local Corporations

Considering the growing importance of sustainable development in Ethiopia companies need to pay more attention to both their environmental performance and their corporate social responsibility. The environmental protection authority in Ethiopia is established for the objective of formulating policies, strategies, laws and standards, which foster social and economic development in a manner that enhance the welfare of humans and the safety of the environment in sustainable manner, and to spearhead in ensuring the effectiveness of the process of their implementation.

The use of systematic measures and economic measures, in collaboration of other concerned government agencies, are being used to regulate corporate environmental behavior.

Ethiopia is following the global trend in many aspects and will definitely keep up with the development of corporate environmental reporting and its implementation shortly. Therefore, it is important for companies to learn how to respond to this trend. Thus, companies are expected to be socially responsible (implementing ECSR) while preserving the profitability of the corporation for the sake of stakeholders within and outside the activities of the business. MNE's should seek to prevent or mitigate adverse impacts by a business relationship when this impact is directly related to the MNE's operations, products or services by applying international CSR instruments such as OECD Guidelines for MNEs, GRI, ISO 14001, and ISO 26000 to address environmental issue (pollution). Even if most of corporations have at least one person responsible for environmental concerns, they do not fully implemented environmental management system and certified ISO 14001. Generally, they should strive to implement environmental management system and certified ISO 14001 in order to ensure that whatever their level of impact, that impact is managed appropriately and minimized where possible; being a signatory to the ISO 14001 is a very important environmental point for the company. Different kinds of companies should have different strategies: For heavy polluting companies such as Harar Brewery Share Company, the best way to deal

with environmental problems is to upgrade their technology to an environmental friendly one, which will influence future competitiveness. Before that, they should at least meet with government-required standards and report all required details to the government. There is also now an opportunity to begin to prepare for voluntary corporate social responsibility (ECSR).

III. for the Community and policy developers

Since Environmental Corporate social responsibility and environmental reporting and disclosure is at an initial stage in Ethiopia and is in need of further development in parallel with the improvement of corporate governance and the increasing of public awareness on sustainable development, instead of mandating corporate social responsibility or environmental reporting, it can be more feasible for governments to act as facilitator, partner or advocate. Government should start education programs for the entrepreneurs of every size of the company but especially for the polluting companies such as brewery industry, as they are lacking awareness about international market demands. Therefore, they may need to acquire relevant knowledge of the business ethics and ECSR Awareness programs for the public will increase the demand of CSR as well, such as healthy practices at workplace, and occupational safety. Develop the cooperation among the shareholders about encouraging CSR policies which needs to be discussed and implemented with the agreement of all stakeholders.

Partnerships with the International CSR instruments (as OECD Guidelines for MNEs, GRI, ISO 14001) could promote dialogue and awareness activities between government, workers and employers' organizations and the large community by providing assistance and tools to better understand the environmental dimension of CSR. The community and government should recognize and support the role of corporations and social enterprises for sustainable ecology; Adopt policies to address leverage points in the system that encourage the implementation of ECSR, such as taxes and incentives; Governments should imbibe the Principle of Corporate Citizenship and that mere financial profit is not the only motive for businesses and it is accountable to not just its shareholders but also the society in general. In a way this is a broadening of the purpose of business which is being actively supported by governments nowadays.

The oldest commercial law of 1960 has to include a framework by which company misdeeds are incorporated by expanding the accountability of company's directors and cause them to make decisions with more than just profit maximization by ignoring social responsibility aspects, while today's business ethics level of development on the world influenced the federal government of Ethiopia by drafting new amended commercial codes which fill gaps by accommodating interests of environment, community and other shareholders beyond promoting the welfare of shareholders. The Principle of Competitive Citizenship should be established by the government so as to foster the idea that being responsible pays. Hence the government should extend further than provision of information and encourage sponsoring awards for good practice and documentation of the business case for CSR. The fiscal policy should be fine-tuned to suit such policy initiatives so as to provide the right fiscal incentive for corporations and investments. The government should promote the concept of corporate responsibility, develop markets that encourage corporate responsibility and ensure the accountability of business to society. Again, enforcing global principles should be a major role for the government.

Lastly, it was noted earlier that the limitation of this research is that it focused on the Harar brewery share company of Harar town. Future research may include other Ethiopian brewery factories, or other countries' companies which would allow for comparison between countries and other industries (for instance textile and flower factory).

REFERENCES

Articles

1. Abebe Temesgen Gebreyesus, Sammy Koskei, YaoliangShen, FeiyueQian. Review Of EIA In East Africa: Challenges And Opportunities In Ethiopia And Kenya. Earth Science Vol. 6, No. 4. (2017)
2. ALOA, O., O. Arojoye O. Ogunlaja, and A. FUMUYIWA. "Impact assessment of brewery effluent on water quality in Majawe, Ibadan, Southwestern Nigeria." *Researcher* 2, no. 5 (2010):21-28
3. Carroll, A.B. (1999). Corporate social responsibility: evolution of a definitional construct. *Business and Society*, 38, pp. 268–295.
4. Corporate Reporting: ACCA Paper P2 int 2008/09
5. European Commission, Communication from the European economic and social committee and the committee of the regions: A renewed EU strategy 2011-14 for CSR, com(2011)681 final,p.6
6. Freeman R. E., Harrison J. S., Wicks A. C., Parmar B. L. and De Colle, S. (eds) (2010): Stakeholder Theory. The State of the Art. Cambridge, UK: Cambridge University Press.
7. GRI Sustainability Reporting Guidelines Global Reporting Initiative Sustainability Reporting Guidelines Version 3.0(GRI Amsterdam 2006)
8. Hart 2000, Stuart L.; Beyond Greening in Harvard Business Review on Business and the Environment, HBD Press, Boston
9. Haufler, V. (2001): A Public Role for the Private Sector: Industry Self-Regulation in a Global Economy. Washington: Brookings Institution.
10. ISO 14001:2004 Environmental management systems. General guidelines on principles, systems and support techniques, International Organization for Standardization, Geneva

11. ISO 26000 ;2010, Global Guidance Standard on Social Responsibility Geneva
12. Ortolano L., and Shepherd, A. Environmental Impact Assessment: Challenges and Opportunities. *Impact Assessment*, 13 (1), PP-3,(1995)
13. Pope Jenny, David Annandale, and Angus Morrison-Saunders. "Conceptualizing sustainability assessment, "*Environmental impact assessment review* 24, no. 6 (2004): 595-616.
14. Rahman A, Lee HK and Khan MA, Domestic Water Contamination in Rapidly Growing Mega cities of Asia: Case of Karachi, Pakistan. , *Environmental Monitoring*. (1997).

Reports

1. Deribachew Bekana(msc),Abi Tadese (phd),Niguse Dechasa (phd)and Mangistu Urge (phd)phase one of ongoing project submittedto research and extension office of Haramaya University ,on Impacts of Effluentfrom Harar brewery on the water quality Downstream River & It's Toxiological Implication on Human,plants & livestock,August ,2014
2. Olajire Abass A. "The brewing industry and environmental challenges." *Journal of cleaner production* (2012).
3. Perdersen Weidema, B. 'Life Cycle Assessment of Food Products', First European Invitational Expert Seminar on LCA of Food Products, Lyngby, Denmark. (1993)
4. Report of the United Nations Conference on Environment and Development* Annex I Rio Declaration on Environment and Development Rio de Janeiro, 3-14 June (1992).
5. UNEP in Environment for Development 3 at the World Summit on Sustainable Development Held In Johannesburg from 26 August to 4 September (2002).
6. United Nations Conference On Environment & Development Rio De Janerio, Brazil, 3 To 14 June 1992
7. Van der Merwe, A. I., and J. F. C. Friend."Water management at a malted barley brewery." *Water SA* 28, no. 3 (2002): 313-318.
8. Wainwright, T, Basic Brewing Science. Magic Print (Pty) Ltd., South Africa. (1998).

9. World Bank Operational Policies,, Banking Procedures -Environmental Assessment, January, (1999).
10. World Bank, Pollution Prevention And Abatement Handbook World Bank Group: The Environmental Assessment Process,(Effective July 1998).

Guidelines and Acts

1. Assessment, Social Impact. "Guidelines and principles for social Impact assessment. "Environmental Impact Assessment Review 15, no. 1 (1995): 11-43.Impact Assessment Inter-Organizational Committee, On Guidelines and Principles.1994.
2. Authority EPA–Environmental Protection "Environmental Impact Assessment Procedural Guideline Series 1." *EPA, Addis Ababa* (2003).
3. Draft Guideline For Environmental Management Plan For The Identified Sartorial Developments In The Ethiopian Sustainable Development &Poverty Reduction Program (ESDPRP), May 2004
4. EIA Guideline Document, Addis Ababa, Ethiopia, (2002).
5. FDRE, Environmental Protection Authority. "Environmental Impact Assessment Guidelines Document." Addis Ababa, July (2000)
6. GTP 1 policy documents 2004 Addis Ababa
7. GTP 2 policy documents volume 1 by Ethiopian Federal Planning Commission 2016 Addis Ababa

Journals

1. Anderson, K. ‘LCA of Food Products and Production Systems’, Int. J. LCA, Vol. 5, (2000).
2. Brown, H.S, de Jong, M. & Levy, D.L. (2009) “Building institutions based on information disclosure: lessons from GRI's sustainability reporting”, Journal of Cleaner Production, vol.17, no.6: 571
3. ErnaehrungHeute, Sustainable Sourcing In The Food Industry: Global Challenges And Practices, Official Journal Of The Food Chemistry Institute Of The Association Of The German Confectionery Industry, Vol. 4, October, (2010).

4. Morgan, Richard K, and Environmental Impact Assessment: A Methodological Perspective, Dordrecht: Kluwer Academy. (1998).
5. Olajire Abass A. "The brewing industry and environmental challenges. "*Journal of cleaner production* (2012).S. Pervez And G. S. Pandey, "Rate Evaluation Of Marble Damage By SO₂-Acidity In The Vicinity Of Stacks", *Environmental Geochemistry And Health*, Vol. 14, No. 4, (1992)
6. Petersen, P.E., The World Oral Health Report 2003: continuous improvement of oral health in the 21st century—the approach of the WHO Global Oral Health Programme. *Community Dentistry and oral epidemiology*, 31(s1), pp.3-24. 2003
7. *The Environment Protection and Biodiversity Conservation Act, Australia: The Department of the Environment, Water, Heritage and the Arts*, Retrieved January,(2018).
8. The Federal Environmental Protection Authority, Environmental Assessment Reporting Guide, Addis Ababa,(2004).
9. The National Environmental Protection Authority's EIA Guidelines 2000

Regional EIA Legislations

1. COMMERCIAL CODE OF THE EMPIRE OF Ethiopia, Proclamation No. 166/1960, NEGARIT GAZETE, Extraordinary issue,19th year, No. 3, Addis Ababa 5th May 1960
2. Commercial Registration and Business Licensing Proclamation, Proclamation No.686/2010.
3. Constitution, Federal Democratic Republic of Ethiopia, 1995.
4. EIA Proclamation, of Harari Regional State. Proclamation, No. 123/2006,
5. Environmental Protection Authority, Federal Democratic Republic of Ethiopia
6. Environmental Impact Assessment Procedural Guideline Series 1, November 2003.
7. Environmental Impact Assessment Proclamation, Proclamation No. 299/2002.
8. Environmental Policy of Ethiopia, 1997.
9. Environmental Pollution Control Proclamation, Proclamation No. 300/2002

10. Environmental Protection Authority, Federal Democratic Republic of Ethiopia S Protection Organs Establishment Proclamation, Proclamation No. 295/2002.
11. Environmental Protection Organs Establishment Proclamation, Proclamation No.295/2002.
12. Ethiopian investment proclamation N0.769/2012 and
13. Federal Democratic Republic of Ethiopia, Code of practice of the floriculture sector council of minister's regulation No. 207/2011, FED. NEGARIT GAZETA, 17th year No.74, Addis Ababa 7th June 2011
14. Investment Proclamation, Proclamation No. 280/2002.
15. Investment regulation N0.270/2012
16. *Prevention of Industrial Pollution Regulation, Regulation 159/2008*
17. Proclamation No. 4 6/1998 The revised Constitution of the Harari Regional State
18. Public Health Proclamation, Proclamation No. 200/2000.
19. Solid Waste Management Proclamation, Proclamation No. 513/2007

Books

1. Asnake Menbere Tekleab, Analyzing Social Responsibility Towards Improving Labor Practice Issues in Ethiopia: A Focus on Metahara Sugar Factory (Unpublished, Norwegian University of Science and Technology, Department of Industrial Economics and Technology Management, 2016).
2. Bertelsmann Stiftung (2006): "Government as Partner? CSR Policy in Europe," Gütersloh, p. 5.
5. Carroll, A.B. (1999). Corporate social responsibility: evolution of a definitional construct. *Business and Society*, 38, pp. 268–295.
6. Corporate Reporting: ACCA Paper P2 int 2008/09

7. *Corporate Social Responsibility and Reporting in Denmark: Impact of the third year legal requirements for reporting on CSR in the Danish Financial Statements Act*, Business Authority (2013). Available at: http://csrgov.dk/file/358879/csrrapport2013_eng.pdf.
8. Dara O' Rourke, *opportunities and obstacles for corporate social responsibility reporting in developing countries, for the Corporate Social Responsibility practice of the World Bank*, University of California, Berkeley (2004).
9. Ethiopian Horticulture Producer and Exporters Association code of practice for sustainable flower production version 4.0 (2015). Available at: <http://ehpea.com/files/downloads/EHPEA%20Code%20Version%204.0.pdf>
10. European Commission, Communication from the European economic and social committee and the committee of the regions: A renewed EU strategy 2011-14 for CSR, com (2011)681 final, p.6
11. Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L. and De Colle, S. (eds) (2010): Stakeholder Theory. The State of the Art. Cambridge, UK: Cambridge University Press.
12. GRI Sustainability Reporting Guidelines Global Reporting Initiative Sustainability Reporting Guidelines Version 3.0(GRI Amsterdam 2006)
13. Handbook on Corporate Social Responsibility in India (2013). Price water house Coopers Private Limited (PWC), Available at <https://www.pwc.in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility>
14. Hart 2000, Stuart L.; *Beyond Greening in Harvard Business Review on Business and the Environment*, HBD Press, Boston
15. Haufler, V. (2001): *A Public Role for the Private Sector: Industry Self-Regulation in a Global Economy*. Washington: Brookings Institution.
16. Hussein Ahmed Tura, *Overview of Corporate Governance in Ethiopia: The Role, Composition and remuneration of boards of directors in share companies*
17. INTERNATIONAL JOURNAL OF SCIENTIFIC & TECHNOLOGY RESEARCH 299-328,(2016).
18. Kurucz, E., Colbert, B. and Wheeler, D. The business case for corporate social responsibility

19. International Organization For Standardization, Draft International Standard Iso/Dis 26000: Guidance On Social Responsibility (2009). Available At:<https://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935837/ISODIS26000GuidanceonSocialResponsibility.pdf?nodeid=8385026&vernum=>
20. . John O. Okpara & Samuel O. Idowu, Corporate Social Responsibility: A Review Of The Concept And Analysis Of The Business Case For Corporate Social Responsibility In The Twenty-First Century, 13 (Springer Heidelberg New York Dordrecht London) (2013).
21. K. Rama Mohana Rao, et,al; ‘Environmental corporate social responsibility of brewery firms in Ethiopia’(2016)2(4), International Journal of Applied Research,published.p5
22. Laura Albareda, *Corporate responsibility, governance and accountability: from self-regulation to co-regulation*, 8(4) JOURNAL OF CORPORATE GOVERNANCE 430-439 (2008)
23. Lyon, T.P., & Maxwell, J.W. (2008). Corporate social responsibility and the environment: A theoretical perspective. Review of Environmental and Policy: Oxford University Press, 1(0), 1 22.
24. Mathias Nigatu Bimir, *Corporate Social Responsibility in the Ethiopian Banking Sector: A Case Study on Commercial Bank ofEthiopia*, NILE JOURNAL OF BUSINESS AND ECONOMICS 3-15 (2016).
25. Matten D. and Moon J. *Implicit” And “Explicit” CSR: A conceptual framework for a comparative understanding ofCorporate Social Responsibility*, 33(2) ACADEMY OF MANAGEMENT REVIEW 404–424 (2008).
26. Maxwell, John W., and Christopher Decker. 2006. “Voluntary Environmental Investment and Regulatory Responsiveness.” Environmental and Resource Economics 33: 425–39. . Maxwell, John W., Thomas P. Lyon, and Steven C. Hackett. 2000. “Self-Regulation and Social Welfare: The Political Economy of Corporate Environmentalism.” Journal of Law and Economics 43(2): 583–618.
27. Mazurkiewicz, P. (2004). Corporate environmental responsibility: Is a common CSR framework possible? World Bank working paper, p. 2.

28. . McWilliams, A. & Siegel, D. (2001): Corporate Social Responsibility: A Theory of the Firm Perspective, in: *Academy of Management Review*, 26/1, 117-127.
29. Non-Financial Reporting: Corporate Social Responsibility and Environmental Reporting (An Ethiopian case) (Unpublished, MSc. Thesis in Accounting and Finance, Addis Ababa University, June 2009)
30. OECD, “The OECD Guidelines and other Corporate Responsibility Instruments. A Comparison”, in *Annual Report on the OECD Guidelines for Multinational Enterprises*, OECD, 2001.
31. OECD, *environment and the OECD guidelines for multinational enterprises: corporate Tools and Approaches*, OECD, 2005
32. OECD, *the UN Global Compact and the OECD Guidelines for Multinational Enterprises: Complementarities and Distinctive Features*, in *Annual Report on the OECD Guidelines for Multinational Enterprises* ,2005.
33. . Peter Utting, *Regulating business via Multi-stakeholder initiatives: A preliminary assessment*, United Nations Research Institute for Social Development (UNRISD), Geneva (2002).
34. . Porter, M. and M.R. Kramer. *Strategy and society: the link between competitive advantage and corporate social responsibility*. HARVARD BUSINESS REVIEW (2011).
35. R. Edward Freeman, *The Politics of Stakeholder Theory: Some future directions*, *BUSINESS ETHICS QUARTERLY* 409-421 (1994).
36. *Public policies beyond regulation and voluntary compliance*, PALGRAVE MACMILLAN, (2008). Kassaye Deyassa, *CSR From Ethiopian Perspective*,
37. Rahman N., Post C. (2012): Measurement Issues in Environmental Corporate Social Responsibility (ECSR): Toward a Transparent, Reliable, and Construct Valid Instrument. *Journal of Business Ethics*, Vol. 105, p. 307–319.
38. *Responsible Business Conduct: The OECD Guidelines for Multinational Enterprises*, June 2015
39. S .N. Bhaduri and E. Selarka *Corporate Social Responsibility around the World-an Overview of Theoretical Framework, and Evolution*, in *CORPORATE GOVERNANCE*

AND CORPORATE SOCIAL RESPONSIBILITY OF INDIAN COMPANIES, CSR, SUSTAINABILITY, ETHICS & GOVERNANCE (Springer Science Business media: Singapore, 2016

40. Tewelde Mezgobo, The Nature of Corporate Social Responsibility (CSR) in Ethiopian Business Context: an Essay on Corporate Social Responsibility, (Unpublished, International School of Management Paris, 2012).
41. THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES: A KEY CORPORATE RESPONSIBILITY INSTRUMENT. Available at: <http://www.oecd.org/dataoecd/52/38/2958609.pdf>.
42. THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT, Available on: <https://www.unglobalcompact.org/what-is-gc/mission/principles>
43. UNCTAD, GUIDANCE ON GOOD PRACTICE IN CORPORATE GOVERNANCE DISCLOSURE, UN, NEW YORK AND GENEVA (2006). United Nations Economic and Social Council, Commission on Human Rights (2005),.
44. UNITED NATIONS GLOBAL COMPACT GUIDE TO CORPORATE SUSTAINABILITY: SHAPING SUSTAINABLE FUTURE. Available on: [https://www.Globalcompact.de/wAssets/docs/NachhaltigkeitsCSRManagement/unglobalcompactguidetocorporate_sustainability .pdf](https://www.Globalcompact.de/wAssets/docs/NachhaltigkeitsCSRManagement/unglobalcompactguidetocorporate_sustainability.pdf).
45. UNITED NATIONS GLOBAL COMPACT, MAKING GLOBAL GOALS LOCAL BUSINESS: A NEW ERA FOR RESPONSIBLE BUSINESS (2017). Accessed at: <https://www.Unglobalcompact.org/docs/publications/MGGLB-2017-UNGA.pdf>.
46. Velasquez-Man off M. Environmental problems needs a holistic approach. The Christian Science Monitor, 2009. Retrieved(<http://www.csmonitor.com/Environment/Bright-Green/2009/1016/environmental-problems-need-a-holistic-approach>)
47. Wayne Visser, Corporate Social Responsibility in Developing countries, in CORPORATE SOCIAL RESPONSIBILITY IN GLOBAL CONTEXT 473-499.
48. WB 2000, making Sustainable Commitments. An Environment Strategy of the World Bank, Washington D.C.
49. Williamson, D., Lynch - Wood, G., & Ramsay, J. (2006). Drivers of environmental behavior in manufacturing SMEs and the implications for CSR. Journal of Business Ethics, 67 (3), (p. 317

APPENDICES

QUESTIONNAIRE

The objective of this study is to find out the implementation of environmental CSR to address environment problem caused as a result of its operation, the case of Harar Brewery Share Company and make possible recommendations for implementing environmental CSR guide lines to Brewery Industry. This requires your genuine response for the research questions posed in any form. It is worthwhile to confirm that any information you give us is maintained confidential and your contribution is highly appreciated.

INTERVIEW PREPARED FOR MANAGER OF THE COMPANY

NAME OF COMPANY: _____

1. PLEASE PUT IN THE BOX FOR YOUR CHOICE AND GIVE A _____
DESCRIPTION IF ANY

1). Does your organization 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]

A. Yes B. No C. Do not know

2) . Does your company have annual budget for CSR?

A. yes, please specify for what activities.

B. No

C. Do not know

3). what is your organization main objective to engage in corporate social responsibility programs?

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

4). Does government intervene in your corporate social responsibility activities?

A. Yes B. No C. Do not know

5). **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)

A). Customers -----

B).Government -----

C).Suppliers -----

D).Employees -----

E). NGOs -----

F). Investors -----

G). Media -----

H). Communities ----- I).

Business coalitions-----

6). which is in your opinion problems related to the development of initiatives in the field of CSR by your company? Explain why and how.

A. Lack of knowledge

B. Lack of institution assistance

C. Lack of specific legislation on CSR

D. Business benefits not immediate

E. High costs

F. Lack of corporate skill

G. Little impact on social and environmental business

H. Few interests of the company's-----

7) Is brewery Industry having sectarian known environmental guide lines in Ethiopia? A.

yes B. No C. I have no any idea

8). Is your organization apply Environmental guide lines to the brewery Industry?

A.I strongly agrees----- B. I Agree----- C. I Disagree---- D. strongly disagrees

E. I have no idea-----

9). Do your organization apply ECSR?

A. I strongly agree----B. I Agree-----C. I Disagree----D. Strongly disagree E. I have no idea--

10). Do your organization Disclose environmental activities?

A. I strongly agrees-----B. I Agree-----C. I Disagree---- D. I strongly disagree E. I don't have any idea-----

11). Which of the following measures has your company adopted to reduce environmental impact?

A. Energy saving B. Water recycling C. Sustainable packaging

E. Developed of environmental friends' inputs/product E. Life cycle assessment process F. Management of environmental system

G. Use of renewable resources

H. if others (specify)-----

12). is 'your' /the sector code of conduct modeled on international, national or industry standards? (Please tick ALL that applies).

A. International B. National C. Industry D . other (please specify)

13). Does government intervene in your corporate social responsibility activities?
In Specific environmental dimension of CSR?

A. Yes B. No C. do not know

14). Has your facility actually implemented an environmental management system? A.
Yes Year B. In progress C. No

15). If no or in progress, please proceed to question 25. If yes: Has your facility acquired ISO 14001 certifications in environmental management?

A. if yes which year ----- B. No

16) . Does your enterprise offer awareness creation to people from different groups towards environmental issues? (Such as Climate change, Eco-efficiency, etc.)

A. Yes B. No C. Partially D. Don't Know

17). Do you have an open dialogue with the people on environmental issues? A.

Yes B. No C. Partially D. Don't Know

18). Do you educate your employees towards the current environmental problems and their solutions?

A. Yes B. No C. Partially D. Don't Know

19). Does your enterprise give regular financial support to local community activities and projects towards Sustainable Environmental Management?

A. Yes B. No C. Partially D. Don't Know

II. INTERVIEW QUESTIONS

- 1). Can you explain your understanding of the phrase ‘Corporate Social Responsibility’?
- 2). How would you describe the CSR engagement of your company?
- 3). In what way your company practices CSR? (More than one answers possible) for example Donating to social & environmental projects, sustainable production (standard), economic and environments projects, adopting national and international standards (which?) or else.
- 4). Does your organization Offer awareness creation to people from different groups towards environmental issues?
- 5). Does your organization educate employees towards the current environmental problems and their solutions? If any give an example
- 6). Does your organization give regular financial support to local community activities and projects towards sustainable environmental management?
- 7). Which issue is most important when we talk about social responsibility of firms in brewery industry in Ethiopian context? Why?
- 8). How do you explain the challenges and opportunities in practicing CSR in the brewery industry?
- 9). How do you explain the role and interest of government with respect to your social, environmental and economic activities?
- 10). Does government require you to annually report on the performance of environmental activities?
- 11). How do you explain the challenges and opportunities in practicing ECSR in the brewery industry like yours?
- 12). Are your organization familiar with international CSR instruments such as OECD Guidelines for MNEs, GRI, ISO 14001 to address environmental issue (pollution)?

13). Please use this opportunity to say anything you would like to mention with respect to corporate socially responsible business, challenges and opportunities in the brewery industry.

III. Open Ended questions

A. Do you apply the OECD Guidelines for MNEs such as?

1. Environmental management systems
2. Life cycle assessment
3. Exercising precaution
4. Emergency prevention, preparedness and response
5. Environmental education and training
6. Contributing to the development of environmental policy?

B. Do you apply the principles of UNGRI such as?

- A. Businesses should support a precautionary approach to environmental challenges;
- B. Undertake initiatives to promote greater environmental responsibility; and
- C. Encourage the development and diffusion of environmentally friendly technologies to avoid or at least minimize environmental pollution caused as a result of your companies' operation?

C. Do you apply the GRI, Sustainable Reporting Initiatives in disclosing your environmental activities including the impact of your organization on the environment?

D. Is your organization applied for ISO 14001/ certified?

- F. What is/ are the main challenge/s in implementing ECSR?
- G. What is your recommendation to implement cost effective mechanism in using Effective ECSR to Harar Brewery Share Compan

2. INTERVIEW PREPARED FOR MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE.

The objective of this study is to find out the implementation of environmental CSR to address environment problem caused as a result of its operation, the case of Harar Brewery share company and make possible recommendations for implementing environmental CSR guide lines to Brewery Industry.

This requires your genuine response for the research questions posed in any form. It is worthwhile to confirm that any information you give us is maintained confidential and your contribution is highly appreciated.

1. Basic role that your ministry plays with respect to pollution control in industries?

Specifically, on brewery?

2. How do you evaluate implementations, compliance and enforcements of environmental policies, regulations and legislations?

3. How is brewery waste water management problems addressed in your section?

4. How your ministry is integrated with Ministry of Industry (MoI), chemical Industry Development Institute, Harari environmental protection bureau and Brewery to prevent river pollution to assure community welfare?

5. Facilitation schemes as to awareness creation on how to effectively manage waste water in brewery if any.

6. Do you think that, these industries apply CSR in general and ECSR in particular to Address the pollution caused as a result of their operation?

7. How much is your office familiar with international ECSR instruments such as OECD Guidelines for MNEs, UNGC, ISO 14001, and GRI?

8. How do you see international instruments on ECSR to address environmental issue?

9. Do you follow and mandate industries especially brewery industries to apply ECSR to address environmental issue (pollution)?

10. Do you follow and mandate the annual report of these industries to include the activities done to address environmental problem including their impacts on the environment?

3. INTERVIEW PREPARED FOR HARARI REGIONAL STATE ENVIRONMENT, FOREST AND CLIMATE CHANGE AUTHORITY.

The objective of this study is to find out the implementation of environmental CSR to address environment problem caused as a result of its operation, the case of Harar Brewery share company and make possible recommendations for implementing environmental CSR guide lines to Brewery Industry.

This requires your genuine response for the research questions posed in any form. It is worthwhile to confirm that any information you give us is maintained confidential and your contribution is highly appreciated.

-
1. How your Bureau follows up the implementation of the Environmental policy guide line to brewery industry?
 2. The status of Harar Brewery share company in polluting the environment in general
 3. The response of federal and regional, Brewery Company in Implementing Environmental policy regulations
 4. What do you think brewery is less reactive to Implement Environmental policy regulations?
 5. The main challenges implementing Environmental policy guide line to brewery Industry
 6. Do you think that, these industries apply CSR in general and ECSR in particular to address the pollution caused as a result of their operation?
 7. How much is your office familiar with international ECSR instruments such as OECD Guidelines for MNEs, UNGC, ISO 14001, and GRI?

8. Do you follow and mandate the annual report of these industries to include the activities the done to address environmental problem

9. Future recommendations for minimizing the environmental challenge by Harar Brewery Share Company.

4. Focused Group Discussion (FDG) with “sofi & Aw-omer ,kebele 15” villagers leader /in sofi & Jinela woreda/ Administration.

Downstream villagers of Harar Brewery share Company

1. How Harar Brewery share Company affects your Environment?
 2. Did you participate in discussions conducted with other parties concerning environmental pollution/river pollution/?
 3. What is your understanding about the right of living in a clean environment?
 4. As a community did you face unresolved challenges related to the waste-water?
 5. What do you think is your own role other than different parties in creating quality life?
 6. Your perception about brewery?
 7. How do you describe brewery in terms of environment and development?
 8. Do you know the objectives of their CSR policies?
 9. Have you noticed some specific things that the company has done for the community?
 10. Are they involving you in the planning and implementation of these projects?
(Their CSR policies)?
-