

Review Article

Corporate Social Responsibility Practices, Determinants and Challenges; Theoretical and Empirical Lesson for Effective and Successful Engagement

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Abstract: In recent times, there has been an increasing interest in understanding the concept of corporate social responsibility in developing countries. However, many of the studies fails to investigate the contextual factors that influence CSR Practices, preferring to rely on theories and hypothesis developed from studies undertaken in the west. Very little is known of the practice of CSR in developing countries. The purpose of this article review is to systematically review scholarly articles on CSR engagement to find out best practice, determinants and challenges. And the result indicates that; firm characteristics, corporate governance characteristics, institutional characteristics, socio economic and socio cultural context are identified as determinants and selectively use western approaches that can be useful or use hybrid approach is keyed out as best practice for effective CSR engagement. However, lack of community participation in CSR activities, non-availability of well-organized NGOs, narrow perception towards CSR initiatives due to early stage of its evolution, non-availability of clear CSR guidelines, lack of consensus on implementing CSR issues, lack of enough attention in terms of societal context in the CSR literature, lack of direct involvement in terms of providing instruction and exerting pressure from the parent companies of the MNCs on the local CSR initiatives which coupled with challenges impeding CSR practices or engagements. Furthermore, it was concluded that establish CSR center in order to foster CSR in the country and promote academic research in this field, encouraging the private sector participation together with NGOs within the frame work of responsible business practice, strengthen and develop CSR institutions in Ethiopia to create more awareness of the potential of CSR and integration of local values with the international standardization are recommended as suggestions to bring better implementation of CSR practice in the country.

Keywords: Corporate Social Responsibility, Determinants of CSR, CSR Experiences, Ethiopia

1. Introduction

The concept of Corporate Social Responsibility (CSR) came into existence to show the responsibilities that the business should take from the shoulders of the government and the NGOs. Corporate Social Responsibility (CSR) is a concept that has attracted worldwide attention and acquired a new resonance in the global economy. Keen interest in CSR in recent years has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while

governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society's needs have exceeded the capabilities of governments to fulfill them. In this context, the attention is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR.

In the business area World Business Council for Sustainable Development (WBCSD) defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities" [56]. This entails that

businesses have not only economic responsibilities but also responsibilities to the members of the society both within and outside the organization involving social, environmental and ethical responsibilities. Hence the fundamental idea of CSR is that business corporations have an obligation/a responsibility for their impact on society and the natural environment, often beyond legal compliance and the liability of individuals [16]. In other words, CSR is an answer to the societal uncertainties that organizations have to cope within the present dynamic, global, and technological social context [5]. It can also be designed as part of firms' competitive strategies. CSR as a strategy gives firms a competitive edge [58]. It needs to be treated as an integral part of firms' competitive strategy; and this approach improves the competitive context without annihilating firms' commitments to the society [52].

Therefore, CSR covers issues such as "employee relations, human rights, corporate ethics, community relations and the environment" [36]. Central to the idea of CSR are businesses which have more than an economic responsibility; it entails a company's societal obligations. As suggested by Carroll CSR incorporates four types of responsibilities [8]. (1) *economic*-be profitable, entailing that providing a return on investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. (2) *Legal*-obey the law, entails expectations of legal compliance and playing by the "rules of the game." From this perspective, society expects business to fulfill its economic mission within the framework of legal requirements. But while regulations may successfully coerce firms to respond to an issue, it is difficult to ensure that they are applied equitably [42]. Moreover, regulations are reactive in nature, leaving little opportunity for firms to be proactive. Laws therefore circumscribe the limits of tolerable behavior, but they neither define ethics nor do they "legislate morality" [49]. (3) *ethical*-behaves morally, it portrays business as being moral, and doing what is right, just, and fair. Therefore, ethical responsibility encompasses activities that are not necessarily codified into law, but nevertheless are expected of business by societal members such as respecting people, avoiding social harm, and preventing social injury. Such responsibility is mainly rooted in religious convictions, humane principles, and human rights commitments [31]. And (4) *philanthropic*-be a good corporate citizen, the roots of this type of responsibility lies in the belief that business and society are intertwined in an organic way which involves emphasis on charity, sponsorships, and employee voluntarism [14].

CSR is increasingly becoming a global practice with business based in different countries tending to pursue approaches with an emphasis that reflects their particular mix of political, regulatory and financial systems, culture, history and resources [35]. However, studies show that its applicability determined by socio-cultural and economic situation in a given country, some by the political system and belief. But while increasing attention has been accorded in recent years to CSR, as a postulate for ethical and responsible

behavior in business, very little is known of the practice of CSR in developing countries [12].

Divergence on policies and practices of CSR between developed and developing countries are evident in the literature. Developed countries, such as the US, Australia, and regional such as the OECD and the EU, have incorporated CSR into their business lexicon. But the literature reveals that a range of models and frameworks of CSR practices are from country to country and even business to business. In developing countries, it is hard to find CSR practices as western and American model. For instance, Jamali and kassaye used a pioneer CSR model described by Carroll to study CSR practices in Lebanon and Ethiopia respectively [24, 26, 8, 9]. They argue that, irrespective of whether corporations in Lebanon and Ethiopia are multinational or national, CSR is practiced in a philanthropic way. There is no defined CSR framework that exists in the countries. Hence, an observable gap exists between developed and developing countries in regard to CSR practices. This article review briefly examines major CSR practices, determinates and limitations of these practices in Ethiopia context evident from theoretical and empirical literature.

2. Methodology

This review was conducted based content analysis, which is a scientific and systematic method for observing and analyzing information both from advanced and developing economies on corporate social responsibility (CSR) practices, determinants and challenges from theoretical and empirical perspectives. Why has the author chosen this as a method of analysis? because content analysis is primarily a qualitative method of analysis and can be considered superior to those purely qualitative methodologies; It is highly flexible, which makes the review more efficient as CSR involves various fields (e.g. marketing, human resource management, and stakeholder management); in addition, employing content analysis, this CSR review overcomes weaknesses evident in previous CSR literature reviews in the following way. Firstly, the author selected several key words concerning CSR in order to provide a key theory forwarded with respect to CSR practices. Secondly, based on the empirical work of content analysis, the author examined the underlying CSR determinants, challenges, and experiences for the successful implementation of CSR practices.

The objective of this article review paper is to build the groundwork what is known about CSR practices, determinants, challenges and to recommend key lessons for effective and successful CSR engagement to Ethiopian national and multinational companies. First, I tried to identify and review sufficient number of relevant research articles and reports published on the topic. This procedure results more than hundred papers. Then, I stressed relevant theoretical and empirical literatures according to the fit to the objective of the review and I discarded all irrelevant literatures from further consideration. This process eliminated more than 50 papers. I, subsequently further reviewed and screened the remaining

articles and reports to check whether they are published before or after the year 1980. Finally, this process results a total of 58 useful and relevant articles to achieve the above mentioned objectives and these articles were used for review.

2.1. Corporate Social Responsibility Theoretical and Empirical Background

2.1.1. Corporate Social Responsibility Practices

The conceptualization of CSR remains a grey area characterized by disputes over an agreed definition [38]. One of the early scholars Carroll characterized CSR into four responsibilities in a pyramidal form to depict the order of importance and their historical development but argues that all four co-exist; Philanthropic Responsibilities, Ethical Responsibilities, Legal Responsibilities and Economic Responsibilities [8]. But, characterization of CSR by other scholars appears to revolve around the work of [8]. However, Visser critiqued Carroll's conceptualization of CSR arguing that it was North America biased and not entirely applicable to the African context [54]. Using Carroll's classification, he argues that unlike Carroll who makes philanthropic responsibility the last in the hierarchy of responsibilities, within the African context, Philanthropic responsibility is the second most important, because of issues of poverty and underdevelopment. Visser's and Capaldi's Argument is not unfounded as CSR motives in North America is even considered distinct from Europe [54, 7]. In the same way that Crane and Matten have used Carroll's pyramid to describe CSR in Europe, philanthropic responsibility in Europe tends to be rather more compulsory via the legal framework than discretionary acts of successful companies or rich capitalists like in the USA [10].

According to empirical findings, in Africa, economic responsibilities still get the most emphasis. However, philanthropy is given second highest priority, followed by legal and then ethical responsibilities [40]. But Ethical issues are highly rated in advanced countries [28]. So, while a multinational company may desire to be more ethical and score high on international CSR ratings that may not be the priority of the community within which they operate. Visser, Amponsah-Tawiah and Mensah have all argued that ethical issues such as workplace health and safety is rated low in developing countries [54, 2]. This is not to say that Africa/developing countries have been untouched by the global trend towards improved governance. And it would be interesting to know how foreign firms navigate these slippery grounds and whether they are sometimes compelled to sacrifice one for the other and possibly which one is mostly sacrificed; the local or international considerations.

It can be inferred from Visser that what influences CSR in the West may differ from Africa and developing countries, a view shared by Kuada and Hinson, who further argue that firms CSR activities are influenced by the cultural values of the nations [54, 8]. They have also argued that multinational firms are mindful of international standards and CSR certification agencies while Gruber & Schlegelmilch have also thrown up the issue of "global consistency and local

responsiveness" as a potential challenge that confronts companies in their CSR activities [18].

The contextual issues that determine the state of CSR practices in developing countries prevents the application of global standards advocated by many schools of thought. The industry environment is not the same as in developed countries and major issues affecting CSR practices also vary widely according to the local environment. Under-developed capital markets, weak legal controls and investors' protection, and economic or political uncertainty often stand in the way of CSR engagement of corporations [51]. Government in developing countries usually promotes foreign direct investment (FDI) for economic development rather than promoting standard CSR practices among corporations [8].

Survey of CSR amongst business in Africa have found that the most common approach to CSR issues is through philanthropic support, in particular focusing on education, health and environment [19]. In Kenya, survey suggest that the cause receiving the highest proportions of corporate donations is health and medical provision, and donations are also directed towards education and training; HIV/AIDS; agriculture and food security; and underprivileged children.

In Kenya, surveys suggest that the cause receiving the highest proportion of corporate donations is health and medical provision, and donations are also directed towards education and training; HIV/AIDS; agriculture and food security; and underprivileged children. In Zambia, supporting orphanages is the most common activity identified as CSR followed by sponsorship of sporting events; cultural ceremonies; education and health provision; and donations to religious and arts of organizations [27].

According to the theoretical findings philanthropic responsibility is highly rated in Ethiopia [26]. The empirical findings support this statement since all the people interviewed in Ethiopia evidenced the need for companies and organizations to engage in philanthropy since the government and institutions not succeed to support the socioeconomic needs of the Ethiopia society. According to the theoretical findings CSR is socio culturally implanted. With regard to Ethiopia and the empirical findings in the field study there is an obvious relation between CSR activities and cultural or societal circumstances [26]. Philanthropic activities are main activities since social needs in Ethiopia are so endemic.

In developing countries CSR practices are chiefly viewed as philanthropic activities (for instance, Tata in India and large banks in the Middle East, corporations in Bulgaria) [22]. In Sri Lanka most corporations do not follow any national or international benchmark in practicing CSR and corporations perceive CSR as being practices such as sponsorship of sporting events, donations to charities, and other social activities [29]. In Ethiopia, the concept of CSR is new; its functioning has already started in multinational companies and NGOs formally and a very few in national companies informally [26]. These initiatives are mainly philanthropic with practices and understanding to a large extent imported from the developed countries. The proper CSR agenda is very much in accordance with the CSR practices in the Western

countries even if adapted to the socio economic desires in the Ethiopian society. As to the empirical findings it appears that the CSR practices in Ethiopia to a large amount have a supporter receiver approach and do not appear to be regarded as practices that have the possibility of evolving all involved stakeholders.

2.1.2. Challenges of Corporate Social Responsibility Practices

Review and analysis of different scholarly literatures reveal various impediments of CSR practices or engagements. According to Frynas, Dobers & Halme corporate social responsibility practices in the developing world may be different and context specific and CSR can have different faces in different societal contexts [15, 13]. Similarly, it is noted that “the challenges faced in the pursuit of CSR in a developing country context have not been accorded enough attention in the CSR literature” [24].

Other factors limiting when implementing CSR include “lack of community participation in CSR activities, need to build local capacities, issues of transparency, non-availability of well-organized NGOs, visibility factor, narrow perception towards CSR initiatives, non-availability of clear CSR guidelines, and the lack of consensus on implementing CSR issues [5]. Immense social problems that exist in the local setting is also another challenge.

In regard to Ethiopia and the empirical findings in the field study shown that there is no understandable connection between CSR activities and cultural situations meaning that there is a disconnection between philanthropic motives and business motives [26]. Businesses in Ethiopia cannot function if employees are affected by different problems or if infrastructure is unavailable and therefore philanthropic motives and business motives are closely interconnected. Likewise, almost all national companies and government organizations have not developed CSR policy and a strategy since CSR is not operated on a formal basis.

Besides, lack of robust CSR program enforcement at domestic level based on close follow-up by the parent companies of the MNCs operating in the local context. In other words, there is lack of direct involvement in terms of providing instruction and exerting pressure from the parent companies of the MNCs on the local CSR initiatives. The subject matter itself is in the early stage of its evolution at the organizational level as Yohannes's findings confirmed is another limiting factor for CSR engagements [57].

2.1.3. Determinants of Corporate Social Responsibility

Besides, the challenges that affect the practices and implementations of corporate social responsibility, according to recent research findings there are a number of factors which decisively affect the nature or outcome of CSR, are known as determinants of CSR [44]. Several studies have investigated various determinants of CSR and provided evidence that CSR is a multi-dimensional constructs with determinants that have different characteristics [17, 44, 39]. Over the years, it has become clear that determinants of CSR classified in to; *firm characteristics*, *corporate governance characteristics* and

institutional or industry characteristics. According to them, *firm characteristics* play an important role in predicting firm's level of CSR engagement and it includes factors such as size, profitability, capital structure, or investments in R&D. According to multiple studies firm size as a determinant seems to have a significant effect on a firm's level of CSR engagement [44, 39, 3, and 34]. Over the years, as various studies have investigated, firm size is closely related to a company's engagement in CSR activities. It is argued that larger corporations are more likely to invest in CSR initiatives because of the greater public scrutiny over their behavior [11, 34]. Thus, the larger the company seems to be, the more it engages in CSR activities to ensure that the public sees the organization as legitimate entity. In addition, larger firms also face more pressure to disclose their social activities for various groups in society.

According to the empirical studies, the second most commonly investigated CSR determinants is financial characteristics such as profitability, leverage and investments in research and development (R&D) for example [17, 44, 3]. Profitability is the ability of company to earn profit or gain that would sustain the company's long-term and short-term growth [33]. One of the factors enabling management to disclose CSR activity in high level of flexibility is profitability [37]. Therefore, this confirms to large extent that more profitable firms use more self-regulating mechanisms to ensure to the public that the organization is legitimate. Following this rationality, it is possible to infer profitability is considered a determinant of CSR. Others suggested that leverage is a potential determinant of CSR [44, 43]. According to stakeholder theoretical perspective it is argued that the level of debt in the firm's capital structure influences the importance of this creditor stakeholder group, and as a result, management is more likely to address their financial claims than the claims of other stakeholder groups for instance stakeholder groups that want the firm to engage more in CSR activities. Therefore, leverage is seen as a possible determinant that affects a company's level of CSR engagement. The third possible determinant often investigated in recent years is the investment in R& [39]. As various studies shows R&D expenditure levels of firms investigated as a determinant of CSR. It is believed that firms can differentiate themselves by investing in R&D. As a result, firms that invest in R&D will also engage more in CSR activities through innovative processes or products.

In line with firm characteristics, *governance characteristics* significantly influence CSR engagement in both developed and developing countries. Governance characteristics closely related to the issue of *ownership structure* and *board composition*. According to Gamerschlag et al ownership structure is an important determinant of CSR [17]. They found evidence that ownership structure influences a firms CSR engagement. Firms with larger shareholders (shareholders that hold a significant percentage of the shares) tend to engage more in CSR activities than firms with their shares more dispersed. In a study of 49 countries, La Porta et al found that concentration of ownership of shares in the

largest public companies is negatively related to investor protections [30]. In other words, if the ownership of shares is held by a small number of shareholders, regulations to protect minority shareholders are unlikely to be in place, although this would seem to be the very instance in which protection is most needed. Ethiopia is ranked 107th in protection of investors [55]. In Ethiopia corporate governance is a topic that is recognized by the academics and government level, not implemented, but it does not seem to be a priority given Ethiopia's serious problems, and few steps have been taken to assure that adequate corporate governance measures are in place. This is due to the private sector is not taking the leadership in CSR and private-public partnership is very limited. When the private sector grows stronger and starts to have a say, CSR will experience parallel growth" as cited in Robertson [47, 45].

Harfsi and Turgut took a different approach and argued that board diversity is a determinant of CSR and found that the diversity of the board has a positive effect on firm's social performance [20]. Board diversity however is a broadly defined aspect that consists out of multiple other aspects such as board member gender, age, ethnicity and experience [21]. To ensure that the board can effectively discharge its roles and responsibilities, there must be a sufficient number of directors held on the board. The size also should not become too large and unwieldy, which could then compromise board dynamics and the accountability of individual directors. According to Siregar and Bachtiar, larger board will be able to exercise better monitoring, but too large board will make the monitoring process ineffective [48].

Besides firm characteristics and corporate governance characteristics, also *industry and institutional* aspects have been investigated as determinants of CSR. It has become clear that the industry, in which a company is active, seems to have a significant effect on a corporation's level of CSR engagement [34]. That is, firms those are active in more environmentally sensitive industries, such as the mining, oil and energy generation industries, tend to engage more in CSR activities than firms that are not active in environmental sensitive industries. In addition, Reverte argues that the media as institution can play an important role in mobilizing social movements such as environmental interest groups and in doing so, it becomes part of the institution building process, shaping the norms of acceptable and legitimate CSR practice and its participation has to be objective and educative; promoting the best practices but also condemning the meager ones [44].

2.2. Experience and Empirical Evidence of CSR Engagement in Ethiopia

There are considerable literature and empirical evidences that shows the concept and practice of CSR in Africa is categorically different from that of developed countries. Frynas identified two factors that clearly demonstrate the limits of universal standard application in any context [15]. One is the failure of universal CSR standards to address specific national contexts and the other is capability of

universal CSR standards to address some issues better than others. This is due to the unique socio-cultural, economic context and regulatory framework of African countries influence the understanding and practice of CSR. Ethiopia does not look an exception in this regard. Like any other African countries, the concept and practice of CSR is new in Ethiopia. There are limits in literature and empirical evidence regarding socially responsible practices. Research into this area is quite scarce. There are extremely limited academic publications that exhibit the status of CSR in Ethiopia.

To show the scanty of literature on the issues of CSR engagement in Ethiopia a brief review of some studies is forwarded here under.

A case study conducted on Ethiopian textile industry, CSR has primary been initiated by Trans-National Corporations (TNCs) like Tesco and Primark when they start to outsource production to the Ethiopian factories. The study reveals that only a hand full of companies has CSR policies to follow when they outsource production. These include social criteria's such as controlling wages, working hours, safety equipment and instructions in the factory and environmental standards. The study has concluded that TNCs play a central role of initiating CSR in an Ethiopian textile industry. However, Cultural differences presented to affect production which is explained as the fact that Ethiopia has never been colonized and has limited experiences integrating with other cultures and nationalities [1].

Another study conducted with regard to the understanding of corporate social responsibility (CSR) practices by Addis Ababa University, the largest and the oldest university in Ethiopia. The issue of CSR in the context of higher learning institutions is one of the least studied subjects in Ethiopia in terms of what social responsibility considerations a higher learning institution is expected to discharge and what it is actually doing. The study noted that there is still the need for more efforts to improve the social responsibilities of the university. CSR commitments including environmental protection, sustainable use of natural resources, obligations to local communities are areas of concern that the university still needs to address. The study also found out that the subject matter itself is in the early stage of its evolution at the organizational level. However, there are some indicators that the idea of corporate social responsibility is fairly accepted and the university acknowledges its value as well as its importance in spite of lack of a complete implementation of corporate social responsibility programs that can successfully reach out its stakeholders. The study concludes that even though the university acknowledges its value as well as its importance, it is difficult to infer that there exists a well-developed CSR knowledge/system in Addis Ababa University [57].

In a study also conducted with regard to the assessment of the Ethiopian floriculture industry from CSR and governance perspective raised serious concerns regarding the practice of CSR. The study noted that poor working condition, exposure to hazardous pesticides, sexual harassment and exploitation, low bargaining power of workers and safe working condition

are identified as serious concerns in the floriculture industry. The study also shows that the inexistence of stock market leading to undeveloped corporate governance system is a major challenge of ensuring an effective and efficient labor practice in the sector. The study further indicated that the government is the major player in assuring ethical business practice in the industry by developing policy tools and the respective national laws to ensure the application of policies in regulating the ethical business practice. The study concludes that even though the government enacts the necessary regulation, it does not have the capacity to enforce the same [46]

One more study conducted on CSR practices and understandings of multinational companies (MNC), national companies, government organizations and NGO regard to Ethiopian perspectives, CSR as idea is new and started off as a retort by multinationals and NGOs to remedy the effects of their extraction activities on the local communities [26]. Consequently, the result has been viewed as two-fold. Firstly, there is the recent development of formal CSR practices mainly driven by MNCs and NGOs. Secondly almost all of national companies and government organizations have not developed a concept of CSR. However, some of Ethiopian companies have a tradition of partnership and dialogue with their communities and stakeholders in the form of informal CSR practices. The study further indicated there are no CSR practices being integrated into management systems and daily business operations within many companies and organizations. But there is an enhancement of philanthropic initiatives in Ethiopia to a great amount has been institutionalized. Therefore, there are a number of traditional institutions that can be taken as major external factors governing social responsibility practices in Ethiopia. These institutions are being serving as instruments to organize socio-economic collaboration and mutual assistance among villagers [41].

Some of the most important practices include '*Idir*' which is a form of association that provides financial assistance and other forms of aid for people in the same neighborhood or occupation. The main objective of '*Idir*' is to assist families financially during times of stress such as illness, death and property losses from fire or theft. Since recent years, '*Idir*' is involving in community development like construction of schools and roads. '*Senbete*', which is a religious form of association to take care of church affairs, whereas '*Zeker*' which entails the practice of providing food and other alms during religious holidays practiced by followers of Ethiopian Orthodox Church. Similarly, '*Zekat*' is a Muslim religious practice which can be translated as charity or alms to the poor by providing 10 percent of one's annual income [53]. There is also an institution called '*Iqub*'. This is a credit and savings collective financial institution which constitutes shared revolving funds often invested in building assets to support. These experiences show the unique socio-cultural context and life-style of the Ethiopian population at macro level seems to entail the notion that CSR engagements are strongly associated with philanthropic endeavors.

2.3. Key Lessons for Effective and Successful CSR Engagement

Firstly, develop own CSR practices that are linked to cultural roots but at the same time use hybrid approach which means using —the best from Western countries namely selectively use Western approaches that can be useful. The integration of local values with the international standardization can bring better implementation of CSR practice in the country.

Secondly, need for CSR to go beyond philanthropic activity and consider corporate accountability through regulation. Consequently, enforce responsible business practice through punishing corporate irresponsibility.

Third, strengthen and develop (CSR) institutions to provide social justices, environmental protection, and poverty alleviation and provide education.

Fourth, build positive government and NGO relations; Associations that increase their CSR or sustainability expertise are better positioned to contribute positively to regulatory initiatives by government and other agencies and to engage constructively with NGOs and other stakeholders. Associations with voluntary industry CSR and sustainability standards that exceed compliance requirements are able to forestall government regulation.

Lastly, encourage the dialogue between multinational/large companies and national companies to share experiences and learning with the purpose of creating a CSR framework that can be embraced by all stakeholders.

2.4. Strengths and Weaknesses of the Review

The review is not free from weaknesses. The review only covers published in the English language it does not cover non-academic research papers. Furthermore, this review targeted existing empirical and theoretical papers only, and may have ignored factors/elements driving CSR engagement where data and knowledge are currently scarce or unavailable. The scarcity of studies examining determinants of CSR engagement measured in qualitative way in developing countries, especially in Ethiopia, may result in some aspects of CSR practices remaining under the radar screen of current research.

3. Result

Based on this survey review and content analysis of 58 empirical research articles, this article reviews the factors driving Corporate Social Responsibility (CSR) engagement, CSR practices and challenges in both developed and developing countries. I found that firm characteristics, corporate governance characteristics and institutional or industry characteristics predominantly appear to drive the CSR engagement agenda. Furthermore, CSR in developing countries in general and particularly in Ethiopia cannot be divorced from the social political and economic reform process, which often drives business behavior towards integrating social and ethical issues. The political and

associated social and economic changes including democratization, liberalization, and privatization, have shifted the role of business towards taking greater responsibility for social and environmental issues. I found crucial differences between the determinants of CSR Practices and challenges in developed and developing countries. The differences between engaging in CSR activities in developing countries and developed countries are based on local needs and realities of the region a corporation operates in, and consequently shift CSR responsibilities according to their relevance and applicability. CSR practices in Ethiopia to a large amount have a supporter receiver approach and do not appear to be regarded as practices that have the possibility of evolving all involved stakeholders. This is because of the issues of poverty and underdevelopment.

Though NGOs and MNCs have played an important role in the institutionalization of CSR practice, this review found that the spirit and practice of CSR is often strongly resonant with traditional communitarian values and religious concepts in Ethiopia, for example, Idir, Iqub, Zeker and Senbete; the level of stakeholders' awareness regarding the firms' CSR practice is low; medias are not considered as major stakeholder for CSR implementation in Ethiopia, which is common group included within the range of main stakeholders in the developed countries.

Companies in Ethiopia display different understandings and levels of commitment to CSR as demonstrated by the issues they prioritize and the range of CSR processes they employ. The review confirms that corporate social responsibility practices, determinants and even challenges are context specific. Evidently philanthropic responsibilities feature highly on the CSR agenda and unlike Carroll's CSR pyramid, philanthropy takes a higher priority than legal responsibilities in Ethiopia [8]. The evidence from corporate reporting of their activities suggests that CSR in Ethiopia does not take the form of Carroll's CSR pyramid. If the pyramid is to be reordered for the Ethiopian context, economic responsibilities would remain the foremost responsibility of business, followed by philanthropic responsibilities, ethical responsibilities and finally legal responsibilities resembling Visser's African pyramid [54].

4. Discussions

Many studies, pointed towards the meaning and understanding of corporate social responsibility are found to be context specific. It is not dependent only on the perceptions of the stakeholders of the organization but also is on the nature of the organization and the level of awareness that the nation itself has about corporate social responsibility. The finding of this review reinforce the notion of Visser that CSR is greatly influenced by the social, cultural, economic and political conditions of a country, and differs from the Lindgreen et al findings showing no evidence of cultural or socioeconomic conditions influencing the extent of CSR in companies located in Malawi and Botswana [54, 32].

According to Campbell corporations are likely to act in

socially responsible ways if there are strong and well-enforced state regulations, industry associations and private independent organizations such as NGOs who encourage, monitor, enforce rules and regulations. However, the regulative environment in Ethiopia neither serves to constrain the negative behavior of companies nor enables CSR through the use of incentives and rewards [6].

Ethiopia does not seem to have well developed CSR institutions or a CSR sector to promote and monitor responsibility in the Ethiopia business environment. However, NGOs and MNCs have played an important role in the institutionalization of CSR practice in Ethiopia. International NGOs such USAID, Menschen für Menschen, Organization for Social Science Research in Eastern and Southern Africa (OSSREA) have attracted worldwide attention regarding the supply of humanitarian assistance, education, health, construction of wells and spring tapings close to villages and Providing users with reference materials Documenting and facilitating OSSREA's workshop and training activities and Providing a reading room to all eligible users [26].

5. Conclusions

The review demonstrates that the concept of CSR is new in Ethiopia and its functioning has started by multinational companies and NGOs formally and a very few in national companies informally. The initiatives are mainly philanthropic with practices and understanding to a large extent imported from the developed countries. Therefore, the traditional communitarian values and religious concepts like Idir, Iqub, Zeker and Senbete should be integrated with the international standardization so as to bring better implementation of CSR practice in the country.

The current corporate social responsibility engagement and its level of stakeholders' awareness regarding the firms' CSR practice in Ethiopia is low, thus, need much more improvement from both firms and the government. However, the macro environmental conditions, country-specific CSR policies and contextual determinants influence the CSR practices. In regard to Ethiopia, findings of the review analysis reveal various impediments of CSR practices or engagements. This is principally because of lack of government initiatives, ineffective use of regulatory framework and early stage of its evolution.

Generally, the theoretical and empirical discussions, findings, suggestions and lessons in this article review lead to the following policy implications and intervention strategies.

Firstly, government and governmental agencies should act as drivers of CSR by increasing the focus on enabling legislation that encourage responsible corporate behavior and enforcing responsible business practice through punishing corporate irresponsibility.

Secondly, as there is no direct CSR law or guideline in Ethiopia, there is a need to strengthen and develop CSR institutions to create more awareness of the potential of CSR, and for the implementation of CSR processes that benefit both business and society. Thirdly, establish CSR center in order to

foster CSR in the country and promote academic research in this field. Fourthly, encouraging the private sector participation together with NGOs within the frame work of responsible business practice since CSR in Ethiopia is characterized by firms partnering with NGOs to delivery aid and education.

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