

EVALUATION OF THE CURRENT POSITION OF CSR IN THE LOGISTICS SECTOR

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Abstract

Purpose: The paper focuses on the evaluation of the current position of corporate social responsibility (CSR) in the logistics sector. Logistics plays a huge role within today's economy (an important part of GDP). It reports author's findings from a questionnaire survey. The aim of the research is to evaluate the use and scope of CSR implementation in medium and large enterprises operating in the NUTS 2 region, to identify the reasons for non-using of CSR policy in enterprises.

Design/methodology/approach: In order to gain the knowledge about using of the CSR concept in business practice, the primary quantitative research was chosen, in which a questionnaire survey was conducted and sent to 70 businesses in September and October 2017. There were a total of 11 questions, both closed, open and semi-open. The data of 29 respondents were supplemented by the theory in this field and documentary analysis, including internal documents, descriptions of internal processes, employee magazine articles. Based on the evaluation of the questionnaire, research questions were answered.

Findings: It was found that the most important motive for implementation CSR in a company is according to the surveyed companies "improving the reputation and image". On the other hand, the biggest obstacle to the introduction of CSR is "lack of time". This may be related to the lack of qualified staff. The most enterprises ensure the coherence of the CSR concept and the corporate strategy, but do not certificate CSR and are not going to do it. There were also described some CSR activities in three-bottom-line and its measurement.

Research/practical implications: Results are relevant for medium and big enterprises in the sector Transport, exactly for top management (as CSR makers). It suggests that concept CSR is one of the ways how to for example improve the reputation of the company. It is needed to link this concept to the business strategy. This topic deserves a future research and there is a great field for potential researchers.

Originality/value: The paper complements and extends findings of Czech and foreign studies in this field. There are lots of studies about corporate social responsibility, but this empirical analysis was conducted based on the research gap in the studies related to the Czech Republics'

enterprises in the logistics sector. This study has an originality value of using primary data collected by the author.

Keywords: corporate social responsibility, logistics, Czech Republic

JEL Codes: M14, M3, M5

Introduction

At present, Corporate Social Responsibility (CSR) is becoming a topic that is increasingly being discussed. The public and the competitors are more aware of how the business behaves towards consumers, the social and the environment, the employees and the social needs of society. Successful companies are no longer enough to focus on making profits. Also, the popularity of social responsibility is growing in the Czech Republic, and the number of organizations involved in this concept is increasing. There are competitions of companies where social responsibility is the main measure, looking at how the enterprise is perceived by the public.

According to Jirásek (2007) "be good" is a sought after characteristic of a business - to be a good supplier, to be a good employer, to be a good neighbor, etc. It turned out that it may not be the biggest companies at all to take a significant place on this scale. Social responsibility not only does not stand against economic success but, on the contrary, belongs to it and acts as a motivating and reinforcing factor.

The goal of the paper is an evaluation of the current state of CSR in logistic sector. Some studies have evaluated CSR in other sectors and concluded that there is a need to complement other sectors (Martínez et al., 2013; Lee et al., 2018). The logistics industry was chosen because of its importance (Qadir et al., 2017; Brzozowska et al., 2016), it can help businesses and also customers cut on the costs and time and it is an important part of GDP.

Finally, the author would like to mention a quote of Peter Drucker (Chandler et al., 2014), the founder of modern management, who is dealing with the topic of this paper: "Profit for a company is like oxygen for a person. If you do not have enough of it, you're out of the game. But if you think your life and about breathing, you're really missing something."

1 Theoretical background

The notion of "Corporate Social Responsibility" (CSR), although discussed over half a century ago, currently lacks a globally valid and unified global definition (see Tab. 1). According to Kašparová and Kunz (2013) this may be due to the fact that CSR is based on volunteering, it does not have strict boundaries, thus giving scope both for a broad discussion and for a very wide understanding and interpretation of this complex concept by individual interest groups.

Mullerat (2011) even takes the view that if there is a certain unified and universally accepted consensus in understanding the concept of CSR, this is because the term CSR has different meanings for different stakeholders.

Tab. 1: Summary of definitions of CSR

Author(s)	Definition of CSR
Jakubíková (2013)	voluntary commitment of companies to behave responsibly towards the environment and the company where they operate
Petříková (2008)	all activities that are far beyond the most legitimate requirements as well as the activities through which the organization seeks to understand and satisfying all stakeholders in society
Čaník et al. (2006)	concept where the company voluntarily assumes co-responsibility for the well-being and sustainable development of modern society while expecting to maintain competitiveness and profitability
Business Leaders Forum (Kotler and Lee, 2005)	voluntary commitment of companies to behave responsibly in the context of their operations both in the environment and in the society in which they operate
European Union (Kunz, 2012)	voluntary integration of social and environmental considerations to day-to-day business operations and interactions with corporate stakeholders

Source: own elaboration

Alexander Dahlsrud, who has analyzed dozens of CSR definitions in his study "How Corporate Social Responsibility is an Analysis of 37 Definitions" (Dahlsrud, 2008), resulted in the definition of the five basic areas that were the most common in the definitions (at least 80%):

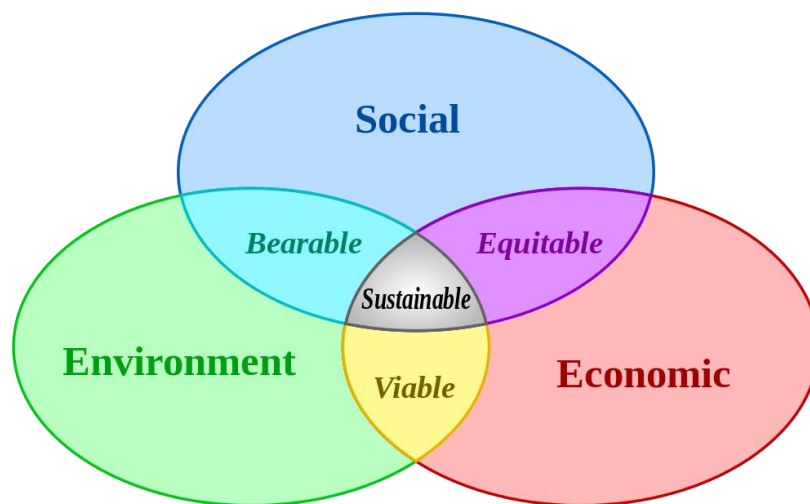
- environmental,
- social,
- economic,
- stakeholders,
- volunteering.

By synthesis of definitions from the literature, the author came to her own definition: CSR is a voluntary concept of socially responsible behavior beyond the statutory obligations of the enterprise, which encompasses the economic, social and environmental sphere and fulfills the goals of all stakeholders.

1.1 Three pillars of CSR

Whether social responsibility consists of three or four pillars, several authors have dealt with. One believes that the CSR concept is based on three pillars, others cling to the theory of four pillars. But one cannot say that one theory is wrong and the other one is correct, or one theory is better than the other. The author of this paper is inclined to theory of three pillars (see Fig. 1), called three-bottom-line (Kunz, 2012; Zu, 2009; Mullerat a Brennan, 2011; Henriques a Richardson, 2004) as in Figure 1.

Fig. 1: Three-bottom-line of CSR



Source: Kunz (2012)

Within the economic sphere, attention is focused primarily on sustained earnings, which enables the company to fund CSR activities such as management and control of the organization, the fight against information misuse and corruption. In addition, organizations focus on timely fulfillment of commitments, consumer protection, transparency, and more. The social area includes the development of human capital, the reconciliation of the personal and working life of employees, as well as health and safety at work. The environmental area includes, among others, environmentally friendly production, ISO standards and waste management.

Some authors have already explored the relationship between CSR and various industries, also in the logistics. Lee and Seo (2017) were interested in the CSR from the perspective of the employees of logistics enterprises in Korea, as key stakeholders. They found that improving the concept of CSR in the company improves the behavior of the employees and their commitment to the organization and increases their positive attitude to work. Myšková and Oborilová (2015) state that the identification of activities that CSR management will support and develop is usually determined by the size of the enterprise and its financial stability.

However, it is possible to use CSR effectively to improve the image of the company. It is important to define the activities to be supported, to determine their indicators and to determine the method of evaluation. The implementation of CSR described several authors, for example Srpová and Mísař (2015), Kornfeldová and Myšková (2012), Mísař and Pešek (2016) or Pulcová (2010).

2 Methodology

In order to gain knowledge about the use of the CSR concept in business practice, the primary quantitative research was chosen, within which a questionnaire survey was conducted. The aim of the research is to evaluate the use and scope of CSR implementation in medium and large enterprises, operating in the NUTS 2 region, to identify the reasons for non-using of CSR policy in enterprises. The suitability of the region's selection supports the fact that the two largest cities in the region, Pardubice and Hradec Králové, together with several other towns in the Czech Republic, have the lowest share of long-term unemployment. This is important because a social pillar is one of CSR parts. (CZSO, 2017)

The author chose the region where the University of Pardubice is located, so that the NUTS 2 Northeast Cohesion Region. It consists of Pardubický, Královéhradecký and Liberecký Region. Using the Magnus web business database (2018), author found that there are 70 medium and large enterprises (over 50 employees) in the Transport and Storage sector in the Northeast region. Middle and large businesses were chosen, because the smaller the enterprise, the more difficult it is to implement the CSR in organizational and personal terms.

The representatives of the sample for research can be statistically determined by the formula (Kozel, 2006):

$$n \geq \frac{t_{\alpha}^2 * p * (1 - p)}{d^2} \quad (1)$$

where: n is a minimum range of choice is required,

t is the confidence coefficient for given α ,

α is reliability,

p is an estimate of the relative frequency of the examined character in the base file,

d determines the required tolerable error in the research.

If the required reliability $\alpha = 0.1$ is chosen, the confidence interval coefficient of 90%, $t_{\alpha} = 1.65$, with an acceptable error $d = 10\%$ with an estimate of the relative frequency $p = 0.9$, then the minimum number of elements in the sample, according to a formula (Kozel, 2006), should be at least 25 enterprises.

The questionnaire survey was conducted in September and October 2017 using contacts from the MagnusWeb business database. By addressing middle and top management, the return on questionnaires reached 29. This number meets the minimum scope and sample set can be considered as representative. The questionnaire itself was composed of 11 questions, there were open, closed and semi-open questions. The questions were focused on the use of CSR, the benefits that led businesses to implement or barriers of implementation, linking CSR and business strategy, specific CSR activities and its measurement. It was inspired by the studies that they interviewed in other sectors.

The author has identified the following research questions:

- RQ1: What are the motives and on the other hand barriers of implementation CSR?
- RQ2: Is the concept CSR compiled on the basis of the corporate strategy?
- RQ3: How are the CSR activities evaluated?

3 Results

The first and key question in the questionnaire was whether your business applies corporate social responsibility (CSR). 93% of respondents (27 enterprises) replied that they are applying CSR concept. The remaining two companies said they did not use CSR but were considering introducing CSR in the near future.

Another of the questions concerned the motives (benefits) that led or could have led the company to introduce the concept into company policy. The most important motive was elected “improving the reputation and image”. In Tab. 2 there are reasons and its average importance according to management of the enterprises (1 – the most important, 3 – medium importance, 5 – not important).

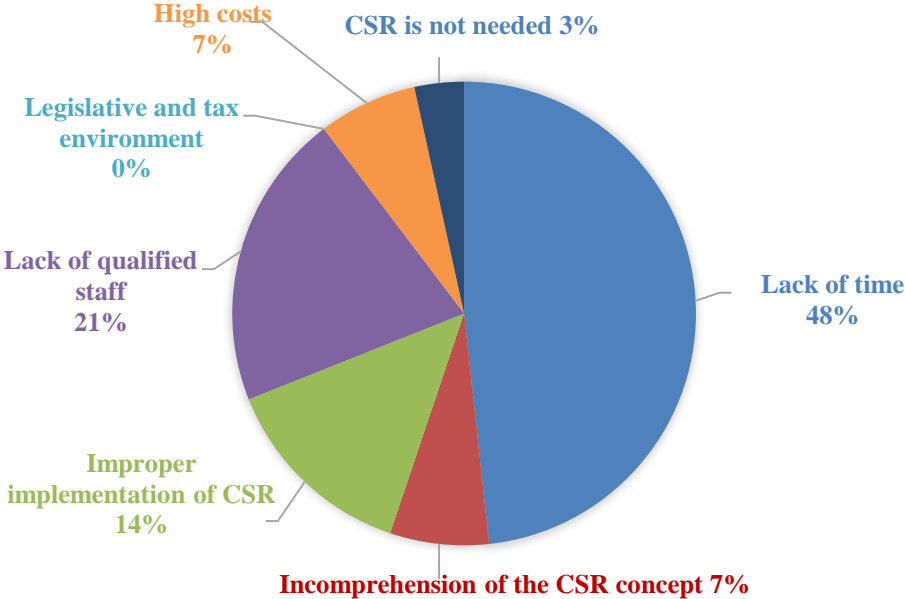
Tab. 2: Motives for introducing the CSR concept into the company policy

Motive for introducing	The scale (importance)
The company's belief that it is right	3.4
Effort to gain a competitive advantage	2.1
Increasing of profit, reduction of costs	2.4
Increasing customer loyalty	1.6
Improving the reputation and image	1.3
Public relations	2.1
External pressure	4.2
Attempt to attract and retain high-quality employees	1.9
Better image in the eyes of potential investors	2.5

Source: own elaboration

Then barriers making it difficult to implement the concept of CSR into company policy have been identified. While there are extant literature focusing on CSR, these literature focuses mainly on discussing the benefits of CSR. There is very limited literature that focuses on identifying and examining the barriers that are making difficult the implementation of CSR. The biggest barrier for our specified companies in the Transport and Storage sector seems to be “Lack of time”, which nearly half of respondents said (see Fig. 2)

Fig. 2: Barriers of implementation CSR



Source: own elaboration

Due to another question, it was found that more than 80% of enterprises ensure the coherence of the CSR concept and the corporate strategy (RQ2 confirmed). They said for example that:

- CSR is a part of their strategy,
- the vision (mission) is in line with CSR concept or compiled with respect to CSR policy,
- corporate values are described by CSR,
- rating systems, rewards are linked to CSR objectives.

The author used a Chi-Square test for independence, which compares two variables and explores that there is a relationship. The test was run for exploring the relationship between CSR and corporate strategy. The Chi-Square statistic is 7.5675. The p-value is 0.05943. The result is significant at the level 0.05. It means that there is a dependence between the CSR concept and the corporate strategy.

In the questionnaire CSR activities and its measurement were also investigated (see Tab. 3). The author thinks that these findings are not so breakthrough, because we can consider them the similar for all sectors.

Tab. 3: CSR activities and its measurement in three-bottom-line

CSR pillar	CSR activity	Measurement
Economic	Transparency, credibility	Number of published indicators in the CSR report Customer satisfaction index Number of complaints and complaints Error rate in picking Timeliness of deliveries
	Customer service	
	Information on services	
	Innovation and sustainability	
Social	Employee involvement in decision making	Employee satisfaction Number of non-financial benefits Number of received prizes Sponsorship - amount of contributions provided
	Financial and non-financial benefits	
	Education, staff development	
	Sponsorship	
	Helping employees in a difficult life situation	
Environment	Saving energy, water	Energy, water consumption Quantity of emissions Unclassified and unused waste
	Waste sorting and recycling	
	Involvement of stakeholders	
	in environmental policy	

Source: own elaboration

One of the possible variants how to ensure the social responsibility of companies across all the sectors is the certification of socially responsible standards that companies will try to reach to certify their social responsibility with the certificate. The author asked about certification CSR in the last question of research. None of the surveyed companies has CSR certification. Most businesses responded that they do not have it and they are not going to be certified. Just two companies said that they are going, but it also depends on the price and the conditions of the certification.

Discussion and conclusions

The article presents the evaluation of the current state of CSR in logistics through a questionnaire. Research questions were answered. It was found that the most important motive is according to the surveyed companies “improving the reputation and image”. On the other hand, the biggest obstacle to the introduction of CSR is “lack of time” (RQ1). According to the

author, this may be related to the lack of qualified staff. The same opinions are presented in articles by Jurišová et al. (2012), Gurská (2013).

The most enterprises ensure the coherence of the CSR concept and the corporate strategy (RQ2). It was supported by a Chi-Square test, which has confirmed the theory by Lamberti and Noci (2012) about their relationship. But companies do not certificate CSR and are not going to do it. This idea is confirmed in the study of Czech chemical companies by Tetřevová (2018).

RQ3 was supported by several measurements. The CSR concept is the first step, but the second one, more important, is to evaluate it in all pillars. CSR measuring is the topic for several authors, for example Trnková (2005) or Paulík et al. (2015).

This study is significant in several ways. Firstly, it has contributed to the lack of previous studies on the current situation of using CSR in the Transport and Storage sector. Most notably this is one of the few studies that assess logistic companies. Secondly, the contribution identified various benefits but also barriers to the implementation of CSR. By understanding these barriers, top management of the companies can avoid or overcome by taking appropriate action. Policymakers may, on the other hand, formulate policies and provide support to logistic companies in the implementation of the concept.

There are, however, some limitations to this study. The applicability of the results may be limited to the context of Czech Republic. Additionally, the sample size was only adequate for analysis of this study, but insufficient for detailed analysis. The paper is primarily an evaluation of the current situation, so future research could focus on supporting CSR implementation and its correct measurement. Additional research on overcoming implementation-related barriers.

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