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Corporate Social Responsibility

A comparative case study of Schenker and DHL

Paper within

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Abstract

Corporate Social Responsibility (CSR) has been around for many years and one of the first definitions of this subject was created in the 1950s. The importance of CSR has increased over the years and today there are several different models and it is a wide spread tool that companies use to improve their business within the area's economic-, legal- and ethical responsibilities. Companies can use this both as an advantage over competitors and as a way of attracting customers and employees. One of the major points in CSR is the environment and this part is becoming increasingly important in today's society, where global warming due to CO₂ emissions is an increasing concern. Also the interdependence between organizations and society is growing in significance, which also is a reason for the increased interest in CSR.

This thesis focuses on what CSR is, to what purpose or goal companies engage in it and how the two chosen logistics companies, DHL and Schenker, work with CSR and what differences there are between them.

This thesis is a cross case study of two logistics companies and to acquire the needed information, the authors have conducted document studies and interviews. These document studies and interviews have provided the thesis with a theoretical framework and a deeper understanding of how two of the largest logistics companies work with CSR.

The results show that both companies are engaging in similar manner in the environmental responsibilities, but there are some major differences in how they deal with societal responsibilities. DHL uses its size and global presence to aid societies in need and help communities with educating their children. DB Schenker on the other hand focuses on cooperation's with universities and also donates funds to schools and non-governmental organizations.

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1 Introduction

This chapter shows the background and outlines the intended goals for this thesis. There is a problem discussion that ends with a purpose and research questions. A delimitation and thesis disposition is also presented.

1.1 Background

Today many companies are being held responsible for the social consequences of their actions. They are ranked based on their performance in the area of corporate social responsibility (CSR) by other organizations and these rankings attract considerable attention from the public. Due to this, CSR has become a priority for many businesses in all countries. This has not been all voluntary, but has been brought on by public attention to issues that were previously not thought of as the responsibility of organizations (Porter & Kramer, 2006).

CSR has had a long history in literature and articles, but it has been more present in the last 60 years. CSR first it was called social responsibility, but this was later changed to corporate social responsibility. There has been a notable growth in the field of CSR and today there are a number of theories, terminologies and approaches available. In the more recent years there has been a revived interest in the subject and new optional concepts have been presented, like corporate social responsibility and corporate sustainability (Garriga & Melé, 2004).

The concept of CSR has its modern start in the 1950s and has become more and more important in today's society, where the resources of the world are declining and ethical problems are being accounted to businesses actions. Therefore companies need to start incorporating CSR thinking into their business strategy and not use it as a media tool to market themselves. There are possibilities for companies to use and integrate CSR into their overall strategy and become more successful than before (ibid.).

In 1953 Howard R. Bowen published his book "*Social Responsibilities of the Businessman*" and this is was the start of the modern era around this subject. He believed that the actions and decisions made by the largest companies must affect the lives of the citizens in several ways. In relation to this he asked what responsibilities these businessmen have to society and what the society can expect from them (Bowen, 1953). His first definition of organizations responsibilities was: "*It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow these lines of actions which are desirable in terms of the objectives and values of our society*" (Carroll, 1991, p.270).

After this there came numerous attempts to define and state what CSR is and new ideas came up that stated that business decisions can be made beyond the firm's direct economic or technical interest. Now CSR noted that corporations have obligations towards more groups in society than their stockholders and further than what the law and union contracts prescribe. At this point CSR includes all stakeholders, even customers, suppliers and employees, and is seen as a way to combine profitability and responsibility (Carroll, 1999).



Figure 1-1: *Corporate Social Responsibility pyramid*, based on Carroll (1991)

One important model that has been used in articles and literature is the model created by Carroll (1991) called “*The Pyramid of Corporate Social Responsibility*”, figure 1-1. He states that there are four levels in the pyramid, the first is being economic responsibilities, the second is to be legal responsibilities, the third is to be ethical responsibilities and the fourth is to be philanthropic responsibilities. All these have to be followed in a responsible company and they have to be executed at the same time, not in the order they are depicted in the model. The economic responsibility however is the foundation of the model and must be executed in order for a company to function (ibid.).

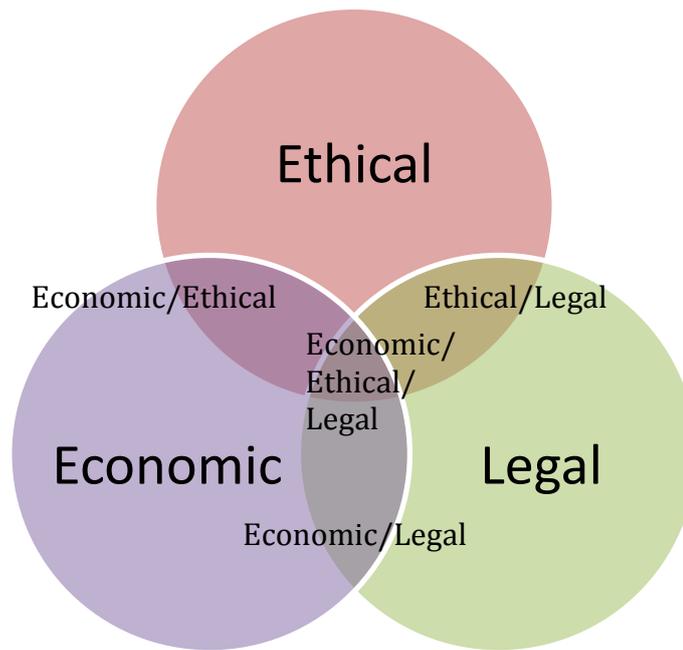


Figure 1-2: *Three-Domain Model of Corporate Social Responsibility*, based on Carroll & Schwartz (2003)

The model, figure 1-1, was later used by Schwartz and Carroll (2003) to create “*The Three-Domain Model of Corporate Social Responsibility*”. This model, figure 1-2, is an updated version of the previous model in figure 1-1, with the exception of the philanthropic level. In figure 1-2, the different domains have been sorted in a different way. Here the categories are divided into three: economic, legal and ethical. The philanthropic level from figure 1-1 is instead incorporated into the ethical and/or economic domains. The model is designed in a way to show that no area is more important than the other. It is also shown how the different areas can relate to each other in a company and it provides a better way of classifying corporate activities (Schwartz & Carroll, 2003).

1.2 Problem discussion

As discussed before international business is receiving an increased interest by different stakeholders regarding their environmental and social impacts on society. Many large, multinational companies have put into practice to create environmental reports, sustainability strategies and voluntary codes of business actions. The question is though how much they actually work with CSR and sustainability as part of their strategy and how much of it is for marketing purposes. There is a gap between sustainability and CSR in theory and how it is used in practice and many large companies do not fully integrate CSR and sustainability thinking into their business idea (Andersen & Skjoett-Larsen, 2009).

The CSR publications presented by companies seldom offer a consistent framework for the CSR activities and strategies of the company. They instead show uncoordinated initiatives done by the company to display their social sensitivity and environmental friendly actions. These reports can show how the company has reduced their carbon emissions or energy use, but most often only for certain regions

or parts of the company, not the company as a whole. The philanthropic initiatives are commonly described in money or hours spent, and not in terms of the impact these actions have (Porter & Kramer, 2006).

Companies are being pressured by their stakeholders to dedicate resources to CSR. There are plenty of definitions of CSR, but it can be said that it contains an economic, legal, ethical and sometimes philanthropic part. The economic- and legal part are required, a business must be profitable and obey the law, for a company to function. The ethical part is expected by the stakeholders and it says that the company should be environmental friendly and socially responsible. The last part, philanthropic, is a desired attribute that says that the company should do beyond what is required and work proactively (Schwartz & Carroll, 2003).

The authors believe that CSR is an important aspect that all logistics companies should take into consideration. A logistics company has a large environmental impact due to their dependence on different transportation modes. Today it is important to minimize the impact on the environment by reducing CO₂ emissions and other emissions and waste. Therefore it is becoming increasingly important for logistics companies to work with CSR to stay competitive since customers are demanding more environmental friendly transportation options (Hjelm, 2012)(Holm, 2012). Then of course the logistics companies have to be economically and legally responsible, as well as ethical in regard to society and their employees.

The authors have chosen two of the major logistics companies in the market, DHL and Schenker. This has been done due to their size and after researching which logistics companies have a CSR agenda. Both companies work with CSR and have independent CSR reports that are published every year.

1.3 Purpose and research question

This thesis primarily concentrates on how two logistic companies work with CSR and how they manage the different responsibilities within CSR. The purpose of this thesis is to gain a deeper understanding of CSR and how logistics companies use this concept. There will be a comparison of two of the larger logistics companies CSR activities to see how and if they work in the same way. This will be done by answering these questions:

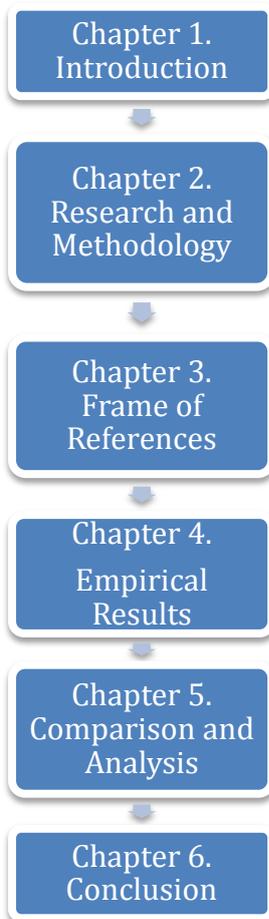
- What is CSR?
- What is the purpose or goal for a company engaged in CSR activities?
- How do the two logistics companies work with CSR and what differences are there?

1.4 Delimitations

The authors have chosen to focus on logistics companies and two of the major ones in this sector. This has been done in order to avoid a too extensive report and the two chosen companies have comprehensive CSR reports.

1.5 Thesis outline

The thesis consists of six different chapters and they are:



Chapter 1: This chapter shows the background and outlines the intended goal for this thesis. There is a problem discussion that ends with a purpose and research questions. A delimitation and thesis disposition is also presented

Chapter 2: In this chapter the research approach is presented and the methodology and method is discussed. There is also a literature review and a discussion on the quality aspects of research.

Chapter 3: This chapter will present previous theory and research regarding the concepts and definitions of CSR. There will be a presentation of different CSR models and how CSR can be implemented and used.

Chapter 4: In this chapter there is a presentation of the two chosen logistics companies and the empirical results will be presented.

Chapter 5: In this chapter the authors will present a comparison and analysis of the research questions and examine the differences and similarities between Schenkers and DHLs CSR engagement.

Chapter 6: In the conclusion the authors will answer the research questions and have a discussion around them. Then there will be a presentation of implications and recommendations.

2 Research and Methodology

In this chapter the methodology and method is discussed. Then there is a research approach and research strategy. There is also a literature review, data analysis and a discussion on the quality aspects of research.

2.1 Methodology

Methodology is focused on the underlying paradigm that supports the study. Therefore a qualitative approach will have a different purpose and generate different results compared to a quantitative approach. Method, which is discussed later, on the other hand involves the tools of data collection or analysis, like surveys and interviews (Blaxter et al., 2006).

Qualitative studies are usually characterized by closeness to the object that is being studied and there is an open interaction between the researcher and the informant. The researcher most often participates in the collection of data himself so that he is able to interpret and describe the collected data. The study is flexible and the questions deepen gradually. The result of a qualitative study is based on a small number of subjects and a large number of variables (Olsson & Sørensen, 2011).

When using quantitative studies there is a need to keep a distance to the studied subject. This research intends to describe and explain the outcome of the performed measurements. The researcher has an outside perspective and keeps a distance and neutrality towards the studied object. The results of this approach are based on a large amount of subjects and a smaller amount of variables (ibid.).

2.2 Method

There are different methods that can be used in order to collect data. The most common ones are documents, interviews, observations and questionnaire (Blaxter et al., 2006). For the qualitative data collection the methods commonly used are documents, interviews and observations. For the quantitative method the generally used approach are structured questionnaires (Olsson & Sørensen, 2011).

2.2.1 Documents

All research projects involve some kind of use and analysis of documents. Researchers are supposed to read, comprehend and scrutinize the writings of others. This kind of information is secondary data; that is information that has already been gathered and maybe analyzed by others. This data can be used to verify, modify or oppose the findings from the primary data. It is important to have a critical approach to secondary data, since the information can be outdated or unconfirmed by others (Blaxter et al., 2006).

2.2.2 Interviews

The purpose with interviews is to gain knowledge about the information of the questioned person. To receive a good interview result, the purpose and problem areas should be decided before the research begins. When planning a qualitative interview it is important to consider all the existing phases, even the ones after the

interview is finished. There can be four kinds of interviews: High – or low degree of standardization and high – or low degree of structuring (Olsson & Sörensen, 2011).

For the qualitative interview the approach is a low degree of structuring and standardization. This allows the involved to discuss the research topic and to gain a deeper understanding of the subject. There is a need for openness and sensitivity in the interview to be able to interpret what is said and not said (ibid.).

2.2.3 Observations

Observations are used to collect data by listening and watching other people and how they behave, in order to gain some kind of analytical interpretation and learning. There are five different kinds of observations: field observation, contrived setting, non-participating observation, mechanical observation and human observation (Ghuri & Grønhaug, 2010).

2.2.4 Questionnaires

One of the most used social research techniques is questionnaires. The purpose with this method is to formulate written questions for those the researcher finds interesting. A questionnaire can be administered in different ways. It can be sent by post and the respondent has to return it when finished. It can be done over phone or in a face-to-face meeting, which means it becomes a structured and standardized interview. It can also be sent via email or be answered directly online (Blaxter et al., 2006).

2.3 Research approach

This thesis is based on a qualitative approach and it focuses a small number of interviews and on written sources. The chosen research questions will be answered through a qualitative course of action. This was a natural choice for the authors, since the goal of this thesis is to gain a deeper knowledge of CSR and how two large logistics companies are engaged in this subject. Qualitative in depth interviews will provide the authors an opportunity to dig deeper into the two chosen companies CSR work and why they have chosen to work in their chosen way.

Data regarding the two logistics companies was acquired through the annual CSR reports presented by the two chosen logistics companies. Interviews with involved staff in both logistics companies were conducted to gain more knowledge about how they work with CSR and what their aims and goals are. It is also a useful way to collect large amounts of information that can be used to clarify things in the secondary data. The empirical data in the thesis consists of information gathered from both the reports and the interviews. The gathered information is interwoven in the empirical part. For Schenker the interview was conducted with their Environmental Manager in Sweden Jadsén Holm and with DHL the interview was made with the Human Resources manager Eva Hjelm.

This thesis will use both primary and secondary information. The primary information will be gathered through face to face interviews and the secondary data will be obtained through written documents and the companies CSR reports. The

authors have chosen to use the annual CSR reports as a complement to the interviews to receive an as correct picture as possible of the companies' engagement.

2.4 Research strategy

In the field of research strategies there are several approaches that can be used. The most common ones are action research, case studies, experiments and surveys (Blaxter et al., 2006):

- Action research is suitable for people conducting research in their own workplace, where the focus lies in improving their own and their colleagues' practices.
- Case studies focus on an individual unit and suit the small scale researchers' needs and resources but it can be used in large scale as well.
- Experiments are above all associated with physical science and are carried out using materials and non-human life forms.
- Surveys entail systematic interviewing and observation. The questions asked give the researchers the answers they search.

The authors aim at gaining a deeper understanding of why companies use and apply CSR in the business. Therefore a case study approach was chosen to find this information. Blaxter et al. (2006) state that case studies can be a beneficial approach when the chosen topic is hard to separate from its content. This conforms to this study, since it is hard to distinguish a companies' CSR work with their "normal" business strategies.

There are three different kinds of case studies according to Yin (1994):

- An exploratory case study focuses on the initial research and tries to find patterns in the data to create a model with which to view this data. In this kind of research the data is collected first and then explored. Focus in this kind of study lies on "what" questions.
- A descriptive study aims at presenting a comprehensive description of a subject within its framework. This approach requires a theory that can point the research in the right direction and answers questions like "what", "who", "where", "when" and "how".
- An explanatory study aims at analyzing or explaining how or why something happened or happens. In order to perform this study, a hypothesis has to be developed and then the outcome of it then be analyzed.

This thesis will use all three approaches to solve the research questions. The first question will be answered with an exploratory case study. The second will be answered through a descriptive study and the last will be answered with an explanatory study.

2.5 Literature review

The first step was to get an outline of what literature and articles that could be found covering the aspect of CSR. The authors focused on more recent books and articles in order to gain the most present research on the topic. The gathering of theoretical information has been conducted through searches in databases through

the library website or in hardcopy at the library. The authors have tried to balance the use of books and articles, but more articles have been used due to availability and accessibility.

When searching for relevant articles the authors have used wide searches in the library databases for corporate social responsibility. From the search results the more recent articles have been chosen in order to gain up-to-date information. From these articles, the authors have found other significant articles that have had a major impact on the CSR research. This approach is known as the snowballing technique, where other relevant articles can be found through the first articles references. The key authors within the CSR area could be found through reappearing mentioning in more than one article.

The theoretical knowledge that was gathered through books was concentrated on recent publications. The availability of books in the CSR area is more limited than articles, so therefore the information found in books was compared to information found in articles in order to ensure up-to-date information.

The information regarding the logistics companies CSR operations have been gathered through their annual CSR reports, which could be found through their websites.

2.6 Data analysis

When analyzing the collected data there are two related processes that have to be executed. First the data has to be managed by reducing their size and scope, in order to be able to reporting them in a useful and satisfactory way. After this is done the data can be analyzed by abstracting what is important and significant (Blaxter et al., 2006).

According to Miles and Huberman (1994) the data analysis can be divided into three stages: data reduction, data display and conclusion and verification.

The data reduction is used to strengthen, sort, focus, reject and organize the acquired data, in order to be able to draw conclusions from it. Data display focuses on how the reduced data is being presented and organized. It is important that it is organized and displayed in a predictable manner so that an illation can be found. The last stage of conclusion and verification, references to the decision taken by the researchers regarding what the collected data means. This can be done by exploring regularities, explanations, patterns, possible configurations, casual flows and propositions.

The authors focused on the first stage by reducing the data collected through sorting and rejection, by choosing and focusing on data that could answer the research questions. After finishing the first stage, the authors presented the acquired data in an understandable and logical way, displaying the important information to facilitate conclusion drawing.

With the help of the acquired and reduced data, the authors focused on answering the research questions and analyzing the results. From this conclusions could be made and discussed.

When conducting a case study, the gathered data can be analyzed in two different ways. Either the data can be analyzed in a within case analysis or there can be a cross case analysis. In the within case analysis, empirical data is compared with theoretical data. In the cross case analysis on the other hand the empirical data from different cases are compared (Yin, 2003).

Since this thesis focuses on two companies, a comparative case analysis will be conducted. There will also be a within case analysis, since both companies will be compared and analyzed versus the theory. So there will be a within case analysis made first for the two companies and after that a cross case analysis will be conducted with the two cases.

2.7 Quality of the study

When measuring the quality of a study the terms validity and reliability are often used. They are both important to take into consideration when doing research to achieve the best quality report as possible.

2.7.1 Reliability and Validity

Reliability refers to how well the measuring has been conducted. To achieve a high reliability, it should be possible to receive the same results when doing measurements with the same measuring instrument again. If there is a high degree of conformity, there is a high degree of reliability (Olsson & Sørensen, 2011).

Validity on the other hand refers to the measuring instrument's ability to measure what needs to be measured. This means that the researcher is sure that the right measurement is being measured. A high reliability does not automatically generate a high validity, but a high validity usually creates a high reliability (ibid.).

The reliability and validity were taken into consideration in this thesis by carefully planning and executing the interviews and doing a proper document study. To gain the best possible information from the interviews, the authors focused on interviewing persons with the best insight into the companies CSR operations. The interviews were recorded and both authors took notes during it to make sure that all information was taken into consideration. To increase the quality of the study there could have been more interviews conducted with other people in the organization, but the authors chose to focus on fewer and more qualitative interviews. The interviews were conducted in the subject's native language, which should increase the validity due to the fact that the interviewed can express themselves better.

To find the best suited documents for this study, the authors did wide database and library searches to find the best and most suitable information. The authors then compared the theories and data found with each other to see if they conform. By doing this the quality was raised, since the data used is considered valid.

3 Frame of References

This chapter will present previous theory and research regarding the concepts and definitions of CSR. There will be a presentation of different CSR models and how CSR can be implemented and used.

3.1 Corporate Social Responsibility (CSR)

CSR has many different names for the same or similar concept, such as Corporate Social Responsibility, Corporate Citizenship, Business Sustainability and Corporate Responsibility and it can be defined in the following way.

CSR is the persistent assurance by companies or businesses to perform properly and constantly contribute to the development of the business economics as well as improve the value and quality of life of the employees and families, as well as of the local community and society in general (Holme & Watts, 2010).

The basic concept of CSR is that companies should manage or operate their overall business situation in a good way. They should also aim to achieve a balance between business and society, such as various shareholders, unions, and customer groups' etcetera and produce an overall balance in society. CSR promises the society to operate the company or business to meet the expectation of different shareholders and those affected in society (Blowfield & Murray, 2011).

3.2 Basic concepts and principles of CSR

CSR ensures that the company is financially viable and that the shareholders' interests are managed in the market. The major goal of CSR is to improve the business, maximize shareholder value as well as increase the economic profit and share price, but also maintain and develop the relationships between the company and its stakeholders. There are four dimensions that are incorporated in CSR and these are the economic, legal, ethical and philanthropic dimension, taken from Carroll's pyramid of CSR (Blowfield & Murray, 2011).

3.2.1 Economic responsibilities

Economic responsibility is the first measurement in CSR and it denotes to the fundamental responsibility of businesses to produce goods and services that society wants, and which it sells at a profit (Blowfield & Murray, 2011). The role of economic responsibilities is it to produce good and satisfying services that meet customer requirements and needs and generates profit in the process. All companies and business responsibilities are established upon the economic responsibility of the firm (Carroll, 1991).

3.2.2 Legal responsibilities

Businesses have not permission to operate as they please when chasing profit; the businesses need to comply with the law and regulation promulgated by municipal, state and local (Carroll, 1991). Under legal responsibilities, companies chase the goal of economic responsibilities within the limit of the written law. Legal responsibility one only needs to think of arms, sales, and narcotics and realize how the

law defines it and what legal activity the business needs to consider (Blowfield & Murray, 2011).

3.2.3 Ethical responsibilities

Ethical responsibility works as a planning process, setting the guidelines for different business groups in how to protect the business and shareholders. The ethical responsibilities have a clear goal to generate profits to the business and are not just for increasing business profit, but also to find out what is right for the company. Ethical responsibilities and legal responsibilities communicate with each other to build economic profit and a good business. CSR started with a focus on the role of business leaders and how they could manage their companies from the point of view of society and environmental situations. Since the early 1990s they discuss how environmental aspects concern the business, how they were increasingly becoming an area of the business process and how they could influence the local society (Blowfield & Murray, 2011).

3.2.3.1 Sustainability and Sustainable Development

There is a broadly accepted definition of sustainable development established at the World Commission on Environment and Development (WCED), also called the 'Brundtland Commission' in 1987 (Blowfield & Murray, 2011):

"Humanity has the ability to make development sustainable- to ensure that it meets the needs of the present generation without compromising the ability of future generations to meet their own needs. The concept of sustainable development does imply limits. Not absolute limits, but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effect of human activities. " (World Commission on Environment and Development, 1987, p.8)

The concept of sustainable development is to combine the growing concerns for environmental issues with socio-economic problems. With the help of sustainable development there is a potential to tackle essential challenges for humankind, both now and in the future. This concept is the result of an increasing understanding that there are links between increasing environmental problems, economic issues concerning inequality and poverty and also concerns for the future of human kind (Hopwood et al., 2005).

The commonly used model for sustainable development consists of three rings: environment, society and economy. These are separate, but still connected and to some part independent. Sustainable development is usually presented as the effort to bring these three rings together in a balanced way. The rings are normally depicted in equal size, but the size can be altered depending on how important they are to the company (Giddings et al., 2002).

3.2.4 Philanthropic responsibilities

Philanthropic responsibility is the last measurement in the model. Philanthropic involves the good corporate citizen who should contribute resources to the community to improve the life and quality of the society. The difference between philanthropic and the other responsibilities is that to be philanthropic, the company

must do more than what is required of them in the different areas of economic, legal and ethical responsibilities. This is a proactive approach where the company tries to foresee customer demands or new regulations so that they can stay ahead and be competitive (Carroll, 1991).

CSR has been created mainly in response to business scandals, but also due to the understanding that development centered only on economic growth paradigms is weak and therefore they need to do some active and effective actions in the different responsibility areas. Companies and communities should cooperate in an improvement process targeted at combining economic growth with environmental sustainability and social cohesion. CSR and sustainability reforms the corporation by situation. This can help the business to improve and evaluate their economic situation. Corporate sustainability and CSR handles the company's improvement, current situation of business and the needs of the stockholders (Blowfield & Murray, 2011).

3.3 Logistics social responsibility

A new concept that has been addressed in more recent years is logistics social responsibility (LSR). There has been mentioning of CSR topics, like environment, ethics and safety, in logistics literature, but they have not been researched with consideration to each other, but instead investigated in an unrelated way. Research in this area is not yet extensive, but one of the earlier studies was made by Carter and Jennings (2002). They examined the issues of CSR that related specifically to logistics and called it LSR. According to their research there are three different roles within logistics, purchasing, transportation and warehousing. The activities within these areas could be categorized within six different groups: environment, ethics, diversity, human rights, safety and philanthropy/community. Depending of which function, the activities differ under each group and show which involvement the different roles have in LSR. According to the study there are several positive outcomes for companies working with LSR, for example improved stakeholder trust, increased stakeholder performance and improved financial performance (Carter & Jennings, 2002).

3.4 CSR models

This chapter will show and describe some of the accepted CSR models in the literature. They show some of the basic dimensions that are included in CSR and how they have evolved over time.

3.4.1 Pyramid models of CSR

Carroll 1979 first presented his pyramid of CSR model in 1979 and this model helps companies to succeed with the different types of obligations. It contains four categories: philanthropic responsibilities, ethical responsibilities, legal responsibilities and economic responsibilities, as seen in figure 1-1. The model shows that economic performance is the basic building stone that CSR is based upon. The company is also expected to follow the law, since it dictates what is acceptable and unacceptable business conduct. The third step is to be ethical and this step concerns the companies' commitment to do what is right and minimize harm to stakeholders. A company's stakeholders can be for example their employees, consumers

or the environment. The last step is about being a good corporate citizen. This last step shows what is expected of companies in regard to the society. It is anticipated that companies should give economic and human resources to the society and to enhance the quality of life (Carroll, 1979) (Carroll, 1991).

3.4.2 The three domain model of Corporate Social Responsibility

This model, figure 1-2, is based on the previous one by Carroll (1991), but has some differences. Now the model is made up out of three categories, ethical, economic and legal. The fourth domain, philanthropic, is included under the ethical and/or economic domain. This is done since there can be differing motivations for the philanthropic activities. This model also depicts that none of the three categories is more important than the other and that companies can work in different overlapping areas. With the overlapping areas, this model has seven categories and the ideal overlapping area is the center, where all three domain overlap (Schwartz & Carroll, 2003).

3.4.3 A framework of Logistics Social Responsibility (LSR)

The framework, figure 3-1, created by Carter and Jennings in 2002, shows how logistics companies can find the barriers to economic base, employer issues and overcome them, and drivers that lead to successful LSR. In analysis part author build a responsible logistic model it explained in the section 5.1 and it help to understand the factors that influence (driver and responsibilities) LSR and what the outcomes will be in order to apply the framework in their organization. The framework shows the different drivers and barriers that exist and also gives examples of how to overcome some barriers. With the help of LSR the company can

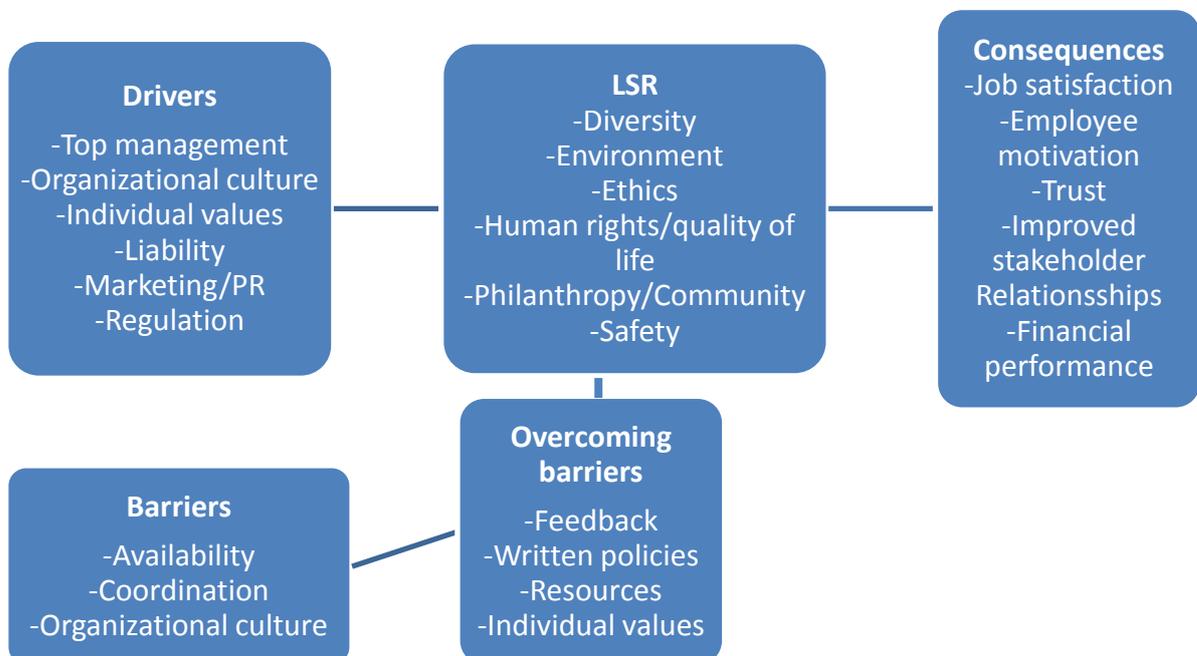


Figure 3-1: *Logistics Social Responsibility (LSR) framework*, based on Carter and Jennings (2002)

achieve different consequences that will aid the organization (Carter & Jennings, 2002).

3.5 Implementing and managing CSR

CSR is the one of most effective solutions used to manage the business structure. Corporate responsibility management describes the terms of organization, changes the business needs of the organization. The implementation of CSR differs between companies and depends on what they focus on. When implementing CSR there will always arise some questions about what purpose (why and what), what process, which principles are going to be applied and what the outcome is. A CSR model can be used for different levels in the organization and it will affect the different levels in the business in different ways. It focuses on the relative organization and society associated with CSR (Benn & Bolton, 2011).

When a company is applying CSR in their business, the basic function and approach is to make the company focus on the financial bottom line. CSR can be implemented and development in different sections of the organization and it can affect both internal and external points as shown in figure 3-2 (ibid.):

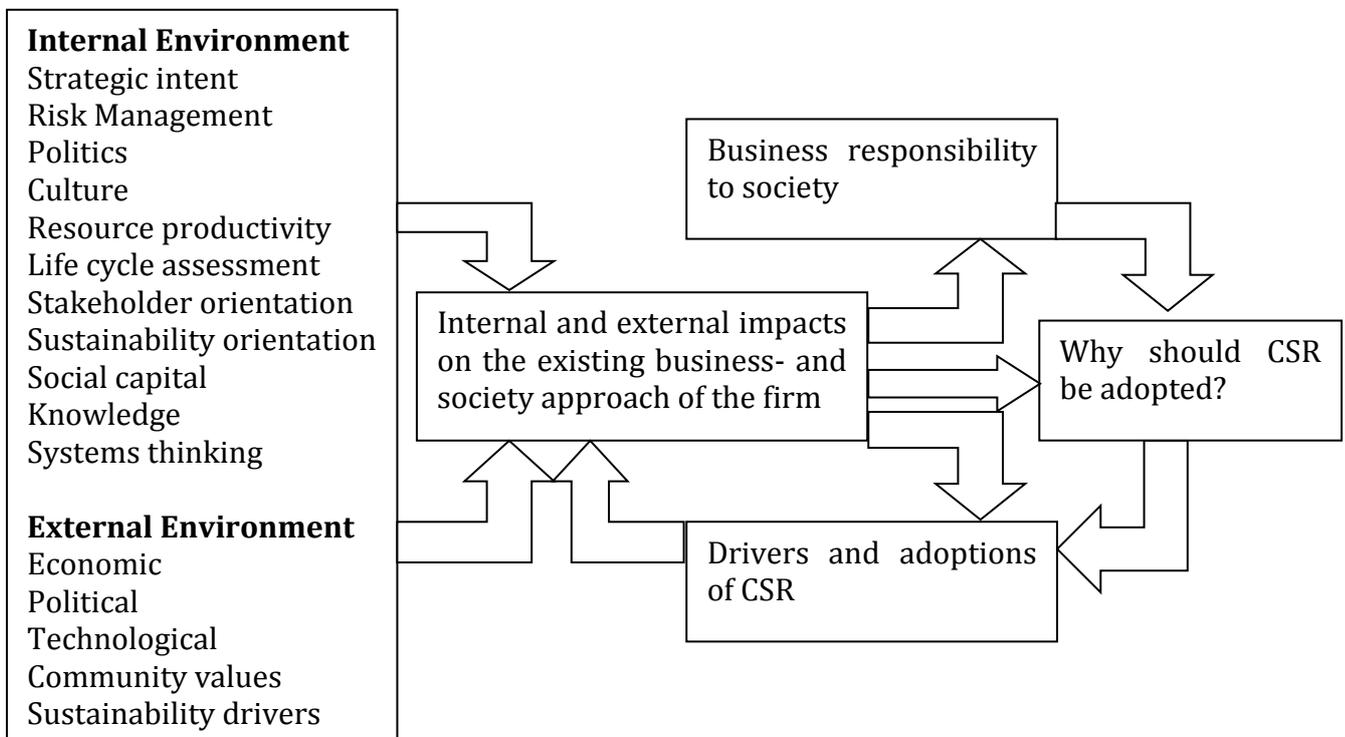


Figure 3-2: CSR development stages, based on Benn and Bolton (2011)

This is a different dynamic stage of CSR development through which internal and external parts can help to control and complete business goals (ibid.).

Today companies decide to use CSR because companies understand that in the global market they need to outperform the competition and therefore need to have stable productivity, be competitive, have relevant product quality that can compete in the global market and be socially liable. The corporate environment needs to change by increasing the business ability and manage their profits and risks to protect the brand and company status in the world market (ibid.).

CSR gives direct, relevant values to businesses when implemented and it can contribute to stability and business success by

- Frequent evolution and development.
- It can be focused on efficiency and internal business cost.
- Global market control and controlling all resources, monitoring the market and helping clients and organizations (ibid.).

CSR is a substantial part when forming the business in a good manner and providing a satisfying service to the customers. CSR is a unique part of the business and using its properties as intended will lead to increased profits as long as the business works with CSR. Social responsibility contributes to the effective management of the business in the global market and it can provide resources to build the firms image. To attract qualified and skillful employees it is necessary to offer better service than other companies as well as better standards of living and wealth creation. (Wood, 1991)

3.6 The application of CSR

CSR is increasing the awareness of society and advocate responsible performance of businesses. Nowadays several companies are concentrating on employer behavior and it helps the company to grow their profits (Graafland et al., 2004). It is important how companies work with CSR and how effective they use it. Graafland et al. show two different cases of how CSR can be applied.

“Definition 1: A firm takes on a visible role in the society which goes beyond the core business and beyond what the law requires and which leads to added value for the company and the society.” (Graafland et al., 2004, p.404)

According to Graafland et al. CSR influences the business services and finances and all activities supporting the firms production and commerce. CSR also excludes established activity or activities directed by government management.

“Definition 2: Corporate social responsibility incorporates two elements.

1 Sufficient focus by the enterprise on its contribution to public prosperity in the longer run

2 The relationship with its stakeholders and society at large (Graafland et al., 2004, p.405)

Actually in this second case it can be pointed out that the company can be viewed as a value building unit. The long term value creation is not related to value of economics, but it can create three dimension points called the value creation or the triple bottom line (ibid.).

- *Profit* is the economic dimension. Economic dimension point out the product of the goods and service that creation of employment and source of income.
- *People* are the social dimension. This point concerning the effects for human beings, internal and external of society.
- *Planet* is the ecological dimension. This is related to the effect on the natural environment.

The second element in the case two definition emphasizes the relationship with stockholders and social at large. According to the stakeholder approach, enterprises are not accountable only to their shareholders, but should also balance a multiplicity of interests of stakeholders that can affect or are affected by their processes (Paetzold, 2010).

4 Empirical results

In this chapter there is a presentation of the two chosen logistics companies and the empirical results will be presented.

4.1 DHL

DHL was founded in San Francisco over 40 years ago by three entrepreneurs: Adrian Dalsey, Larry Hillblom and Robert Lynn (DHL). The company has had a continuing growth over the years and is today a global market leader in the international express- and logistics sector. Deutsche Post became a majority owner in DHL in 2002 and has since used them for all their transport and logistics activities (DHL A, 2012) (DHL B, 2012).

DHL offers a wide range of international express logistics services within land-, air-, sea- and train-transport. They also deal with contract logistics and international mail services. Their global network consists of more than 220 countries and they have around 470 000 employees worldwide. The total turnover for the concern was 53 billion euro in 2011. With the help of this network they can provide the customers with the highest quality logistics services combined with good local knowledge, all this in order to provide the customers with satisfying services throughout the logistics chain. To be able to provide the best service, DHL has four different business units:

- Express deliveries
- Global freight forwarding
- Supply chain
- Mail (DHL C, 2012)

4.1.1 CSR within DHL

DHL has incorporated CSR in their corporate strategy, "Strategy 2015", and it is part of their everyday practice. According to DHL, sustainability has been incorporated in their corporate responsibility and they consider the impacts on their employees, the environment and society (Deutsche Post DHL, 2010).

"Deutsche Post DHL is committed to making a positive contribution to the world by using its knowledge and global presence in ways that benefit people and the environment." (ibid.)

According to the personal communication with Eva Hjelm, Human Resources Director at DHL, they started with their CSR commitment on own initiative and in the Deutsche Post Group it has been important for some time. In Sweden the concept of CSR has received more focus during the last years and is becoming an increasingly vital part. When signing new, larger customers, it has become more and more important to show that there is a good work environment, that CSR is being taken into consideration and that the environmental impacts are being minimized. This includes the impact on society and not only on the company and its own employees (Hjelm, 2012).

The striving towards sustainable development gives the employees in DHL pride and working with these issues makes the organization an attractive workplace. DHL takes responsibilities for the environment and society, which is not done for economic gain, but instead because of a dedication to helping society and the environment in order to make the world a better place. DHL invests money and time into CSR, but not for profitability, because it is an obvious thing to do (ibid.).

To live up to the DHL motto “Living Responsibility”, they have created three different programs that help them be responsible. These are the GoGreen, GoHelp and GoTeach programs, shown in figure 4-1.

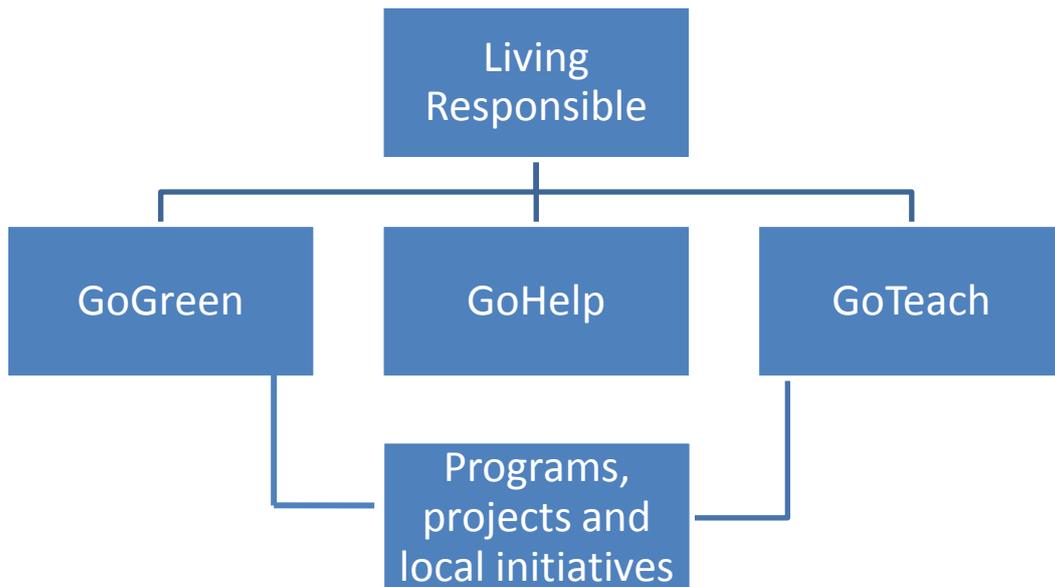


Figure 4-1: *Living Responsibility*, based on Deutsche Post (2010)

With the help of these programs, projects and initiatives DHL wants to move forward with sustainability and also ensure the company’s long-term success by improving the employees’ enthusiasm and identification with the company. DHL also aims at increasing the awareness of corporate responsibility and enhancing the recognition of corporate responsibility engagement. The most important result of this is to strengthen DHLs competitiveness (ibid.).

4.1.2 GoGreen project

The GoGreen project focuses on reducing the impact of DHLs business on the environment. The main focus lies on improving the carbon efficiency, which is closely linked to their efforts of reducing other emissions and the use of fossil fuels. DHLs goal is to improve the CO₂ efficiency of their own- and subcontracted operations by 30 percent until 2020, compared to 2007. DHL was the first logistics company to formulate a quantified carbon efficiency objective (Deutsche Post DHL, 2010)(Hjelm, 2012).

This project also contains DHLs environmental management system, which covers the management of other aspects like water, waste and the use of natural resources. To ensure that GoGreen is implemented successfully throughout the or-

ganization, the project is driven by devoted units on both corporate- and divisional level and is part of the management process (ibid.).

The GoGreen project is part of DHLs overall corporate strategy and this program is part of their strategic goal of making a positive contribution to the world and to be able to offer their customers sustainable and innovative solutions. The primary objectives with this project are:

- Transparency of DHLs environmental impacts, focusing on their carbon footprint, including subcontracted transportation.
- Improvement of the operational efficiency and reduction of their environmental impact
- Generate value to their customers thru green solutions and thereby helping them achieve their environmental goals.
- Show leadership by developing green technologies, aiding in the construction of political regulations and cooperate with DHLs stakeholders.
- Strengthen DHLs employees' environmental knowledge and aid them when engaging in environmental protection (ibid.).

4.1.3 GoHelp project

Because of DHLs global presence, they have the ideal network for helping people that have been affected by natural disasters. To do so, they have a three-fold approach that successfully delivers help to those in need (Deutsche Post DHL, 2010)(Hjelm, 2012).

The first approach is disaster preparedness and the goal with this step is to prepare local airports for disasters before they happen. DHL has a special training group called "Get Airports Ready for Disaster" (GARD) which helps prepare the local people, facilities and processes for disasters proactively. Local airports are very important for supplying affected regions with supplies after a disaster and the goal is to enhance the flow of relief goods (ibid.).

Disaster response is the second part of GoHelp and here DHL sends a team, "Disaster Response Team" (DRT) to the nearest airport in the affected area. Here the DRT is in charge of preventing delays at the airport and bottlenecks. The team organizes the transfer of incoming goods to standard wooden pallets, set up and manages a warehouse at the airport and arranges the loading of goods onto vehicles for further transportation. The DRT network consists of three teams and they can be deployed within 72 hours (ibid.).

The last part of GoHelp is recovery. DHL makes a contribution of time and money to disaster recovery projects and employees have the possibility to help colleagues in other countries who have been affected by natural disasters (ibid.).

Another part that can be added here are different local initiatives to help the community. In for example Stockholm, DHL has collaboration with the football club Djurgården. Together they provide an activity for children and adolescents to get them off the streets on Friday nights. DHL and Djurgården open up a sports hall where the kids can play soccer instead of strolling around in the city center (Hjelm, 2012).

4.1.4 GoTeach project

With this project, DHL aims at supporting- and furthering equivalent access to education and to help address educational challenges in the world. Since DHL is a large, global company, they have a high demand for qualified personnel. Therefore their view is that they cannot ignore the existing difficulties in education around the world and leave that responsibility to others. Because of this DHL has created several initiatives and partnerships with different organizations to help individuals develop and expand their skills. The GoTeach program also offers DHLs employees to take part by becoming volunteers and taking part in different activities it based on the personal communication and report (Deutsche Post DHL, 2010)(Hjelm, 2012).

Together with the initiative for the kids in Stockholm, the collaboration with Djurgården, DHL also gathers and helps the youth that have problems with getting a job. Together DHL helps them create a CV and prepare them for interviews. DHL also aids them with finding suitable internships. DHL also provides mentors for the adolescents, since they are the future workforce and the society needs help to educate them (Hjelm, 2012).

4.1.5 Business ethics

DHL is aiming at becoming the investment of choice, provider of choice and employer of choice for its stock- and stakeholders. This was formulated in their "Strategy 2015" from 2009, where they aim at remaining the postal service provider in Germany and becoming the logistics company for the world. To achieve this they have created a model that comprises the overall mindset needed to achieve what they call the "triple-bottom-line" targets of their "Strategy 2015", figure 4-2 (Deutsche Post DHL, 2010).

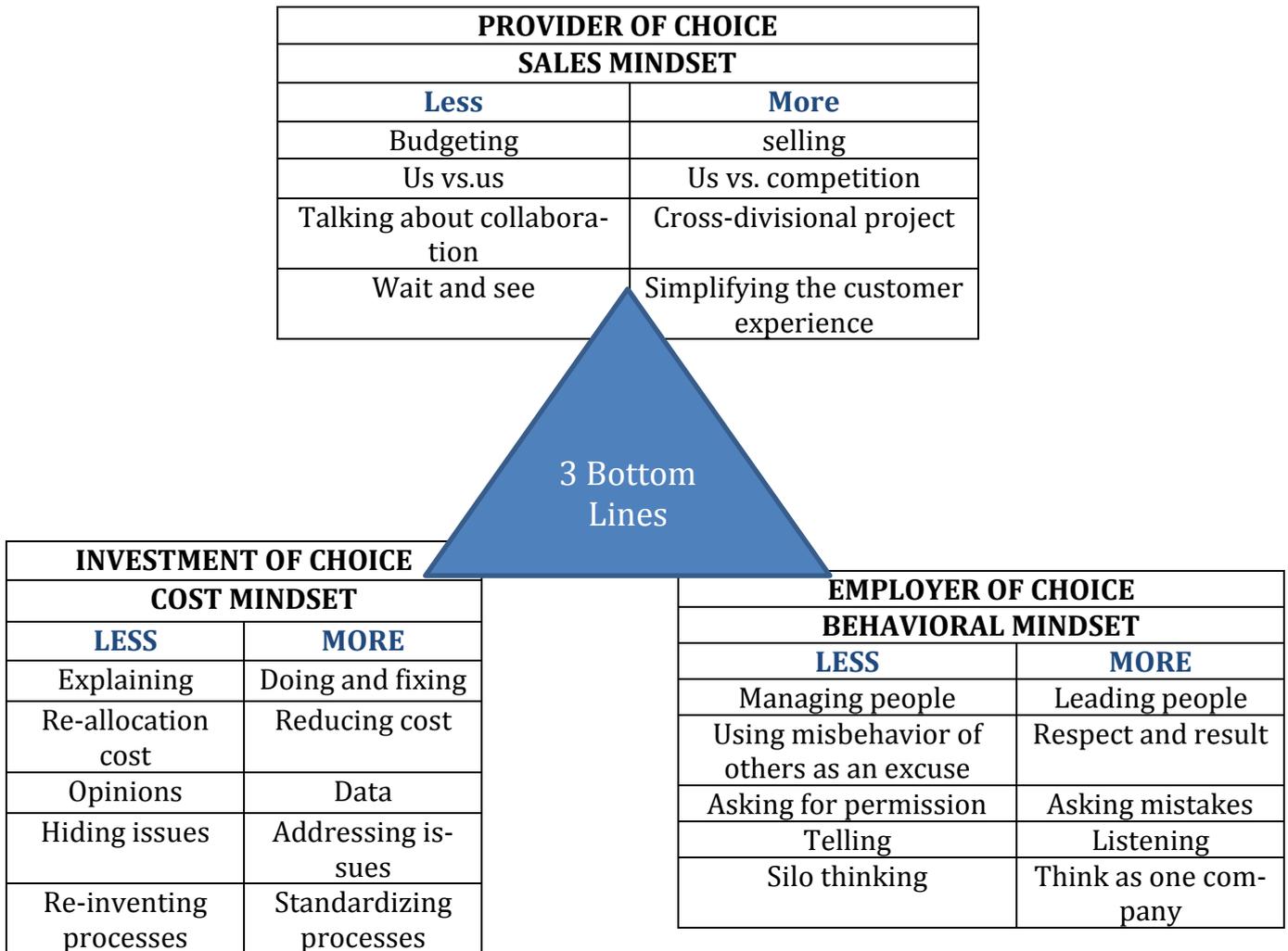


Figure 4-2: DHL business ethics, based on Deutsche Post DHL (2010)

These three bottom lines, figure 4-2, show how DHL wants to change their mindset in the three areas of cost, sales and behavioral. To achieve their goal of becoming the investment-, provider- and employer of choice, they need to change their mindset from a more passive approach to a more active mindset, like going from explaining to doing, budgeting to selling and managing people to leading people (ibid.).

DHL also demands that their subcontractors follow their code of conduct. This includes several ethical parts where the subcontractor have to, for example, conduct

ethical transports, have a good work environment, not accepting bribes and have a transparency in their finances (Hjelm, 2012).

4.1.6 Key stakeholders

DHL has a close cooperation with their stakeholders to understand their main interests and concerns. The company gathers feedback from its customers thru market research, surveys and conferences. There is a direct engagement with the organizations employees thru an employee opinion survey, training, intranet and other forms of dialogs. Also the investors have an increased interest in DHLs CSR performance and they can access it thru various forms, like publications and meetings (Deutsche Post DHL, 2010).

4.1.7 Employees

As mentioned before, DHL aims at becoming the employer of choice in the logistics sector. To achieve this, they have created five strategic priorities and objectives for the development of their personnel which can be found in their “People Strategy”, shown in figure 4-3.

Priorities	Strategic objectives
Strengthening our leaders	Leadership by respect and result
Engaging our employees	Capable and committed workforce
Increasing collaboration and ONE DHL	Ability to leverage talent across the group
Enabling business growth	Workforce flexibility to sustain and grow the business
Driving HR Efficiency	Simplified and sustainable HR services

Figure 4-3: *People Strategy*, based on Deutsche Post DHL (2010)

DHL has also implemented an “Employer Value Proposition” (EVP) which is a key part to becoming employer of choice. EVP is an essential part of how DHL positions their company regarding potential employees and how the employer brand is defined. DHL’s EVP contains these three key fundamentals (Deutsche Post DHL, 2010):

- Growth: DHL offers a range of opportunities for current and potential personnel to develop both personally and professionally.
- Impact: The employees are motivated to share their competencies and ideas to impact on the success of the company.
- Pride: DHL supports its employees so that they can be part of the positive contribution that the company has on society and the logistics sector.

DHL workplaces are certified and they work with avoiding accidents and having a high quality. There are different initiatives to reduce the occurrence of accidents, for example better ways of securing loads, how to handle dangerous goods and

how the warehouse trucks are driven. All employees at the warehouses are also educated on how DHL works with environmental issues and there are initiatives to reduce the energy consumption at the warehouses by turning of lights and managing waste. The company management also does tours every year where they talk to employees in the different districts about goals, strategies and CSR (Hjelm, 2012).

4.2 DB Schenker

DB Schenker is the one of the largest transportation- and logistics companies in the world and has a strong logistic and supply chain network. DB Schenker has a global supply chain which allows them to reach the end customer in all parts of the world. DB Schenker has approximately 60,000 employees and turnover of EUR 14 billion. The company has mainly three business segments: Land Transport, Air/Ocean Freight and contract logistic/supply chain management (Group-Sustainability, 2009).

A DB Schenker statement says *“DB Schenker stands apart with its dense network of locations in the world’s most important economic regions, in air and sea transport, in European land transport, in contract logistics as well as in supply chain management. With this very special combination, we will quickly succeed at our company’s goal: To be the leading global provider of integrated logistics services.”* (DB Schenker, 2008). The statement is very important and shows how the company wants to achieve its goals.

4.2.1 CSR within Schenker

DB Schenker is working with CSR and they focus on financial-, environmental- and social issues (Schenker AB, 2010). Corporate responsibility and business success depend on the business model that confirms sustainable mobility and logistics for both customer and company culture.

DB Schenker is developing in dialogue with the stock- and stakeholders because they are the most important influencers to the company. According to the DB Schenker report from 2010, working with CSR could lead to a positive perception of the business by their clients. Consultants at Schenker Consulting argue that the primary reason for companies to deal with CSR is that it is required by the stakeholders. Companies involve in these issues to keep their consumers by working proactively with CSR issues. Companies can build a good image that can contribute to a higher loyalty of their stakeholders. Among DB Schenkers customers in the retail sector, there is in general money to be saved in CSR issues, for example in order to avoid negative publicity by public scrutiny. The actual cost of spending money on CSR is in most cases less than what it costs to lose customers and the cost of CSR usually affects the company only in the short term (Schenker AB, 2010; Group-Sustainability, 2009)(Holm, 2012).

Schenkers environmental engagement started in the early 1990s, well before many other logistics companies. They started with examining the fuel quality in order to reduce emissions. According to the interview with Monica Jadsén Holm, Deutsche Bahn, Schenkers owners, has a global sustainability report that is published every year, but in Sweden, Schenker has chosen to make a specific report concerning the Swedish market. This is done to provide the customers and subcontractors with information about how Schenkers CSR work is progressing in Sweden. Schenker also created an environmental handbook that the stakeholders and subcontractors could access in order to find more information about Schenkers environmental work- In 2001 Schenker switched to the “Global Reporting Initiative” (GRI) standard in 2001, which helps companies with creating a sustainable global economy

report. This framework helps organizations to measure and report their sustainability performance (Global Reporting, n.d.) (Holm, 2012).

The main goals of sustainability management are to assess social and economic impacts to help the company's future. Sustainability means combining social- and economic responsibility and for logistics companies, sustainability can be used as an important competitive advantage. The figure 4-4 shows how DB Schenker tries to meet the different parts of CSR by creating sustainable business functions (Group-Sustainability, 2009).

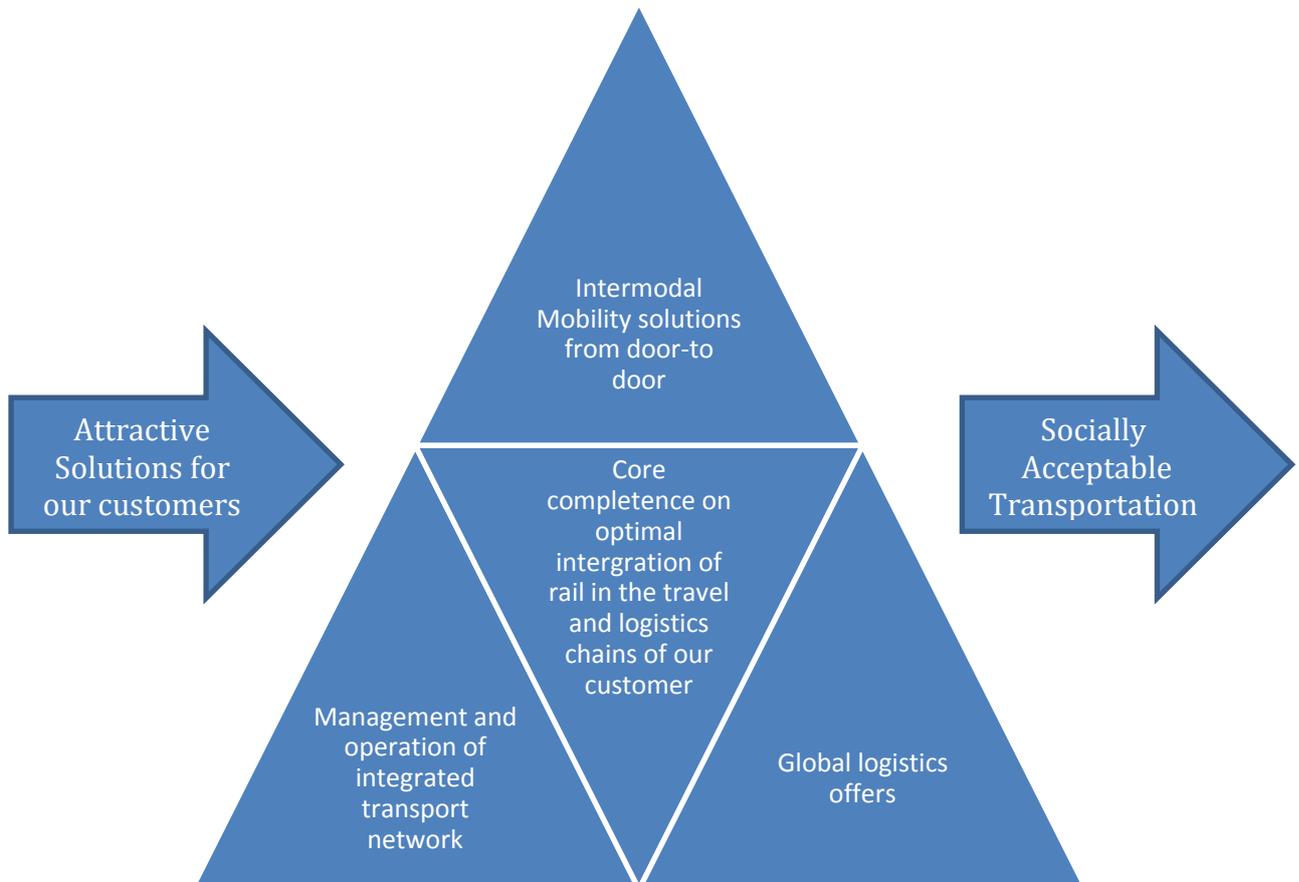


Figure 4-4: *Focus of sustainability in the business core* (Group-Sustainability, 2009)

Active environmental work is an explicit central part of the Schenker business, which is reflected in another statement: "*Schenker develops and produces transports, logistics and information services that meet market demands for quality, efficiency, simplicity and environmental responsibility*" (DB Schenker, 2011). DB Schenker has a goal of becoming the most environmentally sustainable logistics provider in the world (Holm, 2012).

Schenker also helps the society in Sweden by donating funds to different organizations, like BRIS, and also to different Universities in Gothenburg, Chalmers and the Business School and Stockholm, the Business School (Holm, 2012).

4.2.2 CSR effects and reduced costs

DB Schenkers CSR activities help to reduce resource use and increase the efficiency of their processes. While CSR investments can be costly in a short time frame, they can in many cases lead to financial savings as well as improve the economic situation. It may for example involve the company increasing the truck load to achieve a higher degree of filling in their vehicles. This will lead to better profitability for their shipments and also reduce their environmental impact (Group-Sustainability, 2009).

Many customers also have great interests in CSR and therefore demand that the logistics provider also works with it. The customers may demand this in order for them to be able to tell their customers that their logistics provider works in an environmental and ethical way. This interest and demand varies between Schenkers customers and can depend on size, interest in CSR and resources. Therefore it is important to work with CSR in order to be competitive in the logistics sector. Schenkers investments in CSR and specifically the environment are being considered in different ways, but it is difficult to calculate the winnings or losses of a CSR investment. For example can different kinds of fans be used when building a warehouse and there is a balance between choosing a cheaper model that uses more energy or a more expensive one that uses less and therefore is more environmental friendly. Also it is hard to calculate the winnings or losses when investing in better engines for the trucks. The customer does not want to pay more just because the trucks have more expensive and more environmental friendly engines. But on the other hand might this lead to Schenker being more attractive in the market and thereby acquiring more customers (Holm, 2012).

DB Schenker plans for the future and it gives an incentive to leave the road and find alternative means of transportation in order to reduce their emissions. To shift freight from road to rail, for example, reduces energy consumption and emissions significantly, which thus could lead to less sensitivity to future increases in energy prices. DB Schenker believes that an active search for lower energy consumption coincides with eco-efficiency and all other research groups agree with that better logistics can often lead to cost savings (Schenker AB, 2010). Schenker has carrier agreements with its subcontractors and in there is a part about the environment. Here the subcontractors can find information about how Schenker is working with environmental issues and what is expected of the subcontractors (Holm, 2012).

4.2.3 Environment

DB Schenker aims at protecting the environment by reducing the carbon emissions by streamlining their transportations. DB Schenker cares about the environment thru eco-friendly driving. In DB Schenkers CSR report form 2010, they state that they will reduce their carbon emissions by at least 20 % to the year 2020, using 2006 as the base year and they want to become the most sustainable logistics provider in the world (Holm, 2012) (Schenker AB, 2010).

Schenker has one person working full time with environmental issues and then there are environmental coordinators in all districts in Sweden. They report information from their district about emissions, waste and energy use every year to

the environmental manager. She then compiles this information into a report and this information is then also sent to the DB Groups sustainability report. The information about water- and energy use and waste is converted into CO₂ emissions thru a program that Schenker has created in order to measure all emissions in CO₂ (Holm, 2012). DB Schenker arranged this seven point program to reduce and measure their CO₂ emission. The seven points will be shown in figure 4-5.

4.2.3.1 KNEG

Climate impacting emissions from traffic can be drastically reduced from today's levels by working with "Climate Neutral Freight Transportation" (KNEG). KNEG works with transportation issues and major environmental problems. The main objective for KNEG is to decrease the carbon dioxide emissions (KNEG, 2010).

KNEG was established in November 2006 by five companies; Schenker, Vägverket, Chalmers University, Volvo and Preem, but has now grown to consist of 15 members. The purpose of KNEG was to show how the climate impact from road freight transport in Sweden can be reduced (ibid.).

KNEG started a project for a better climate in the year 2009 with Chalmers and Gothenburg University. The purpose of this project was to show how the climate impact from road freight transportation in Sweden can be reduced. This scientific study, conducted by Frederick Hedenius, Chalmers, investigated the case and presented which goals could be set and how these can be accomplished. KNEG formulated with the help of this study a goal to more than halve its carbon dioxide emissions per ton-kilometer by 2020, compared to the 2005 levels (ibid.). Schenker has though mentioned earlier that their aim is reduce their CO₂ emissions by at least 20 percent until 2020. Schenker aims at achieving this through the seven-point program mentioned in figure 4-5.

Activity	Start,2006	Status,2010	Savings CO ₂ un-til 2020
1. Changed driver behavior Eco-driving Reduced speed	50% trained limits exceeded in certain speed segments.	67% trained	5% 2%
2. Better fuels	2% biofuel	7% biofuel	15-20%
3. New vehicles New vehicle technology	66% euro 3 or better	90% euro 3 or better	10%
4. Intermodality/combined	10% of the transport	9% of the transport	3-5%
5. Optimized vehicles sizes Longer vehicles Correct combination vehicle/assignment	Working with KNEG. Identification of the importance of the correct combination vehicle/assignment	The project has been defined and a preliminary study has been funded. Integration of part of the purchasing policy for vehicles at our own haulage company	7-10%
6. Increased filling level/fewer kilometers drives	75-80%(volume, long distance)	75-80%(volume, long distance)	5-10%
7. Smarter city logistics	Concept defined	Pilot project implemented	2-4%

Figure 4-5: The seven-point program, based on Schenker AB (2010)

4.2.4 Employees

The most important key success factor for DB Schenker is its employees. DB Schenker builds its employer emphasis on strategies for dealing with diversity, employees' long term health policy and lifelong learning. Schenkers human resource strategy always motivates the employees to long term success. All employees workplaces are protected and are family friendly (Group-Sustainability, 2009) .

Motivated, committed, knowledgeable employees create potentials for the company in the market and business to achieve the companies' targets. The friendly climate at the workplace is helping the company to succeed with their business goals. It is important for the company to have an active leadership that creates this friendly work climate and this is achieved by all employees:

- Understand each other and have a clear vision between the workers and Human Resources.
- Discussions with each other and friendly communication.
- Learning and developing skills through each other (Schenker AB, 2010).

Schenker has, as mentioned before, environmental coordinators in all districts and they are responsible for training new employees in Schenkers environmental policies. All employees need to do this interactive environmental education and there are also possibilities to take other courses within the subject (Holm, 2012). Schenker is also working according to the certification in work environment OHSAS, which concerns the identification and reduction of accidents at work and also re-

ducing the cost from accidents and illness (LRQA, 2011), but they are not certified. Schenker also has educations and courses within work environment and protection agents (Holm, 2012).

5 Comparison and Analysis

In this chapter the authors will present a comparison and analysis of the research between the two companies and examine the differences and similarities between Schenkers and DHLs CSR engagement. Explaining won model for analysis with drivers and responsibilities.

5.1 Responsible Logistics model

For the comparison and analysis of the two companies the authors have chosen to combine the different models from the theoretical framework into a new, more suitable one. This model is presented in figure 5-1 and shows the drivers and core responsibilities of the model.



Figure 5-1: *Responsible Logistics model with drivers* (Authors, 2012)

The model combines parts from “*The Pyramid of Corporate Social Responsibility*” (figure 1-1) by Carroll (1991), “*The Three-Domain Model of Corporate Social Re-*

sponsibility” (figure 1-2) by Carroll and Schwartz (2003) and “*A Framework of Logistics Social Responsibility (LSR)*” (figure 3-1) by Carter and Jennings (2002).

5.1.1 Responsibilities

In the heart of the model are the legal and economic responsibilities. These are fundamental for a company to operate, since all companies have to obey the law and be economic in order to exist. Then around the center there are different responsibilities that companies can work with in order to be more responsible. These responsibilities are:

- Environment, how much the companies work with minimizing the impact on the environment
- People, how the companies follow human rights and what quality of life they provide for their employees and stakeholders
- Society, how the companies aid society in different ways
- Diversity, how the companies work with having a mixed workforce
- Ethics, how companies work in a sustainable- and ethical way
- Safety, how safe the companies workplaces and processes are

These have been chosen to incorporate the different areas a logistics company can work within and are present in the different existing models. The authors have chosen to have philanthropy as a part of each responsibility, instead of an own circle. In this way all responsibilities can include philanthropic activities and increase the possibilities for a company to be proactive.

5.1.2 Drivers

Outside of the model we have six different drivers that influence how companies work with the diverse responsibilities:

- Organization culture
- Top Management
- Individual values
- Liability
- Marketing/PR
- Regulations

These drivers are very important in order for a company to work with the different responsibilities. Without the drivers a company will most likely not work with all the responsibilities and not have the same goals in the different parts of the company.

5.2 Schenker and DHL

The basic concept of CSR is, according to Blowfield and Murray (2011), that a company should work and operate their business in a sustainable and ethical way. There needs to be a balance between the business and society, where the company works in an economic and legal manner and also considers the different responsibilities that are part of CSR and LSR (Blowfield & Murray, 2011). Both DHL and Schenker work with CSR and it is becoming increasingly important to them and all

other logistics companies. They both try to find a balance between their business and society, where the environment is a major point of interest.

5.2.1 Schenker and DHL Responsibilities

The two logistics companies tackle their responsibilities in both different and similar ways. The major point for both companies is the environment. Both companies have specific goals to reduce their CO₂ emissions; DHL wants to reduce by 30 percent until 2020 compared to the level of 2007 (Deutsche Post DHL, 2010) and Schenker 20 percent until 2020 compared to the level of 2006 (Holm, 2012).

DHL has set a higher goal than Schenker, which shows their dedication to the environment. Both companies also work with minimizing other emissions, with the help of two different projects, GoGreen and KNEG, from transportation and warehouses, and also work with reducing waste. Both companies mention the importance of the environment and to be sustainable. According to the companies, CSR has become a necessity for large companies and as mentioned by Giddings et al (2002), sustainable development consists of bringing environment, society and economics together. Both Schenker and DHL mention that this is very important for companies today and that they both aim at bringing these rings together.

As mentioned before, one of the rings is society and the research shows that DHL has put more effort into this point than Schenker. As described in chapter 4.1, DHL has two large projects that are for the society, GoHelp and GoTeach, shown in figure 4-1. DHL has chosen to use their capabilities and resources to aid people in need and help with educating children that might not be able to go to school. This shows their commitment to being philanthropic and fits well into the case description of CSR, shown by Graafland et al (2004): *“A firm takes on a visible role in the society which goes beyond the core business and beyond what the law requires and which leads to added value for the company and the society.”* According to DHL this is not done for marketing purposes, but for improving and helping society, by for example educating the future workforce (Holm, 2012). Schenker has some connections with society, such as universities, but these consist most of cooperation's around different projects (KNEG, 2010).

The point “people” is equally important to both companies. They obey human rights and try to increase the quality of life for their personnel by offering them courses and educations to increase their knowledge around logistics. Working with CSR increases the work forces pride and moral, which both companies mention as a positive effect.

Safety is an important issue for both companies and DHL has an ISO certificate that includes the work environment. Schenker are not certified by OHSAS, but they follow the OHSAS certificate and have educations and protections agent in their different offices and warehouses. They also have ISO certificates.

Business ethics are important to both companies. DHL have a “code of conduct” that their subcontractors must follow that says that their transports have to be ethical, that they cannot accept bribes and that there is a transparency in their finances. Schenker's contracts with their subcontractors do not have any specific points that they need to follow like DHL, but of course they must operate within the law.

The last responsibility in the author’s model is diversity. Both companies strive towards having a diverse workforce with both men and women, and also people from different countries and cultures. DHL states their workforce is diverse and so is their customer base. They manage their diversity professionally and according to the standards (Deutsche Post DHL, 2010). At Schenker they also consider diversity as strength and Schenker aims at being an attractive workplace for all, men and women with different backgrounds (Schenker AB, 2010).

In table 5-1 there is a short comparison of the major responsibility differences between the two companies.

<u>Responsibilities</u>	DHL	Schenker
Environment	GoGreen, 30 % 2020	KNEG, 20 % 2020
Society	GoHelp, GoTeach	Cooperation’s with universities and donates funds
People	Human rights and quality	Human rights and quality
Safety	ISO14001 and 9001	Follow OHSAS, ISO14001
Ethics	Code of conduct	Law and regulations
Diversity	Encourage	Encourage

Table 5-1: Comparison of the responsibilities (Thesis Authors 2012)

5.2.2 Schenker and DHL Drivers

In the logistics model, figure 5-1, there are different drivers that influence how the company deals with the different responsibilities. Without these drivers companies will not be capable to work sufficiently with the CSR responsibilities.

The organization culture is important in the workplace and management. It should be consistent throughout the organization and will create a similar mindset in the personnel. According to Benn and Bolton (2011), figure 3-2, one of the internal points that influence a company’s CSR commitment is culture. Both companies have a culture that involves working with CSR and it is an important subject for their development and relationships. In accordance with the authors research Schenkers culture focuses on the environmental aspects of their business, whilst DHLs culture has a broader focus, on both society and environment. DHL has a more philanthropic culture, where they use their resources and knowledge to help people in need without self-interests.

In both organization groups, Deutsche Bahn and Deutsche Post, there is an increased interest in CSR and this comes from the top management. The organizations have included CSR in their strategies and also this is part of the Benn and Bolton (2011) model, strategic intent. So in both companies CSR is becoming increasingly important and the top management has to implement it in the whole organization.

In both organizations the employees are very important and their individual values are a benefit to the company. Every employee has different roles and values, and always tries to succeed and complete their tasks to support the organization. The companies say that their employees are committed to CSR and feel pride working with it.

Schenker and DHL both take liability towards the society, but in different extent. As mentioned before, Schenker focuses on the environment and not as much on the other aspects of society, like DHL does. Both companies take liability for their future growth and try to reduce the environmental effects from them. DHL then also takes liability towards society through their two projects GoHelp and GoTeach, chapter 4.1.

Both companies state that they do not work with CSR for marketing purposes. Instead it is part of their corporate strategy and it has become more of a natural part of business. In today's competitive environment it is demanded that a logistics company works with protecting the environment.

The last driver is regulations and both companies follow all regulations and this is important since it is one of the external points in the Benn and Bolton (2011) model, figure 3-2. This is one of the basic drivers that all companies must follow and when working with CSR it is desirable to be proactive in this area.

In table 5-2 there is a short comparison of the major driver differences between the two companies.

<u>Drivers</u>	DHL	Schenker
Organization culture	Society, Environment	Environment
Top management	Driven from the owners	Driven from the owners
Individual values	Positive	Positive
Liability	Society and environment	Environment mostly
Marketing/PR	Not for marketing purposes	Not for marketing purposes
Regulations	Follow all	Follow all

Table 5-2: *Comparison of the drivers* (Thesis Authors 2012)

6 Conclusion

In the conclusion the authors will answer the research questions and have a discussion around them. Then there will be a presentation of implications and recommendations. This part will give some implications of the research and present recommendations for future studies.

6.1 What is CSR?

From the research the authors have found that CSR is an important aspect in many companies today and it is increasing. Since the discussions around global warming have increased, so has the need for more environmental friendly businesses. Since the environment is a large part of CSR, many companies have chosen to use its concepts in their strategies and development. But CSR is not just about the environment, but also deals with responsibilities around economic, legal and ethical activities. The companies that use CSR to its full extent use these parts to create a better business and society. Sustainable development is also part of CSR and it combines the increasing concerns for the environment with socio-economic problems. The concept is the outcome of a growing understanding that there are links between increasing environmental problems, economic issues concerning inequality and poverty and also concerns for the future of human kind.

There are different CSR models, but the most used one is the one created by Carroll in 1991. There have been modifications done to it, but the main purpose is still the same, working in all parts of the organization. The philanthropic part is the most desired part to work with and only the most dedicated companies can use all parts of CSR. One of the newer concepts in this area is LSR, which focuses on how logistics companies can work in a socially responsible way.

6.2 What is the purpose or goal for a company engaged in CSR activities?

There are several purposes for companies to use CSR. One of the main reasons was to use CSR in response to business problems. Today it is more used due to the benefits it can create for a company. A company can not only focus on economic growth in today's society, but must also consider the different responsibilities that are imposed on companies today.

The purpose of CSR is to create cooperation between companies and society in order to increase the quality of life for the people involved. The target is to combine economic growth with environmental sustainability and social unity. Companies are realizing that there is a bond between company's actions and the effects on society and many organizations have started to react to this. There are many categories where CSR engagement can aid the organization and society, such as community and society, customer relationships, environment, supplier relations, employee relations and human rights.

CSR is becoming more important to organizations, in order for them to work with the different responsibilities, which receive more attention today from stake- and stockholders. The goal is to meet the demands from stake- and stockholders that

requires to customers. As mentioned before, CSR was earlier used in order to meet demands from customers and the society, but today it is becoming more usual that companies use CSR on their own initiative or proactively. They realize that CSR can be used as a marketing tool, but also that it can help the company grow and work in a more sustainable way. Companies working with CSR can use this as an advantage over their competitors and thereby attract more customers and personnel.

6.3 How do the two case study logistics companies work with CSR and what differences are there?

Both Schenker and DHL have realized the importance of CSR in the logistics industry. Today there is a comprehensive debate around the subject of global warming and emissions from transportation is one of the big factors. Therefore the environmental responsibilities are important to logistics companies, which can be seen in DHLs and Schenkers CO₂ emission reduction goals of 30 and 20 percent. Both companies have chosen to work with environmental questions and CSR on their own initiative, which shows their dedication. Also the owners, Deutsche Post and Deutsche Bahn, have realized the importance of CSR and are implementing it throughout the groups.

The authors realize through the interviews and reports that both companies are working hard with environmental issues, DHL through GoGreen and Schenker through KNEG, and have set high goals to finish. Toward the society though, there are large differences between the companies. DHL has a much higher degree of societal concern and aids societies around the world with their GoTeach and GoHelp projects. These are on a voluntary basis and DHL uses their global presence to help societies in need and to help children receive educations. The purpose for the Go-Help project is a long-term thinking, where DHL realizes that in order to attract skilled workers in the future, they need to have educations. DHL also mentioned that they feel that the society should not be responsible alone for the quality of life of the community, but that companies should assist and cooperate with them to create a better life for its inhabitants.

Schenker only mentioned that they cooperate with universities and other organizations to create better fuels and other environmental benefits towards society and also donate funds to universities and non-governmental organizations. On the other hand is DHL a larger company so they may have greater opportunity to spend money on these voluntary projects. Schenker is more focused on the environmental responsibilities of logistics companies and have been working with it for a long time, longer than DHL.

The authors' final conclusion is that DHL has a more extensive CSR work and social sustainability. They have a much more comprehensive social awareness, compared to Schenker, and aid societies all over the world. Both companies receive credits for working extensively with environmental questions and try to be a step ahead of their competition and legislation, but as mentioned before, DHL takes a larger responsibility towards the society and its stakeholders.

6.4 Implications and recommendations

Here is a short discussion around what implications this thesis can bring and different suggestions for future studies.

6.4.1 Implications

The interest in CSR is continuing to grow and since the start of the concept in the 1950s there has been many models and ideas presented. Now there is also a new concept called LSR, which focuses on logistics companies. The authors hope that this research can help both society and logistics companies to find and work with different responsibilities and drivers that suite their business.

The presentation of how DHL and Schenker work with CSR, can help both companies by learning from each other and also give the opportunity for smaller logistics companies to learn from the dominating logistics organizations.

6.4.2 Recommendations for future studies

The authors have found through the research that there is no clear way of how to measure the effects of CSR investments in a company. Therefore a study that could present a model for calculating the effects of CSR investments would be appreciated by businesses.

A recommendation for Schenker could be to increase their support towards society through different projects, like DHLs GoHelp and GoTeach. This would increase the appreciation from their stakeholders and customers and this is based on the interview.

The research around LSR is not fully developed yet and it needs to be researched more. Logistics companies are increasing in size and number, and therefore also affect the society and environment in a large scale. Therefore it is important to have a developed LSR model for the logistics sector.

Another research area that the authors think is important is how and if CSR is used in less developed countries, like for example Asia, Africa and South America. The environmental and social issues in these countries are greater than in the more developed countries and therefore it is important to implement CSR there as well.

CSR is an important tool for companies today and the authors suggest that CSR should be discussed in educations and in the society. There could be research conducted around how this could be done.

The last suggestion for future study concerns the possibility of companies discussing CSR issues together, mainly environmental problems, in order to achieve faster and better results.

7 References

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Interview

Hjelm, E. (2012) *CSR DHL*. Interviewed by Dayabhai Ingale and Christian Levén [telephone] Stockholm, 2012/04/27.

Holm, M. (2012) *CSR Schenker*. Interviewed by Dayabhai Ingale and Christian Levén [in person] Goteborg, 2012/04/23.

8 Appendix

Interview Questions .

Introduction

- When did you start with CSR and why?
 - Do your customers think it is important that you work with CSR?
 - Do your customers know about your CSR activities?
 - Do you think your employees are affected by your CSR work? (Higher motivation, pride etcetera)
 - Are your customers and partners also working with CSR? Is that a requirement?

- How do you work with CSR?
 - How do you apply CSR in your business?
 - How is it incorporated in the everyday work?
 - What is the goal/purpose with your CSR activities?
 - Which of the parts is most important to you? Economic, legal or ethical (environment, society, sustainable development)?
 - Do you have CSR activities in the areas:
 - Environment
 - Society
 - Social questions
 - Local investments
 - Work environment

- How much have you invested in CSR?
 - Can you see any positive economic effects from last year/years from your CSR work?
 - Can an investment in CSR be considered in the same way as a traditional investment?
- Is it optional or required to work with CSR in the logistics sector?

Final remarks