



# **THE IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY IN A ME- DIUM SIZED LOGISTICS COMPANY**

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BACHELOR'S THESIS  
May 2020

Degree Programme of International Business

## **ABSTRACT**

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The importance of corporate social responsibility in a medium sized logistics company

Bachelor's thesis 40 pages  
May 2020

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The expectations are very high towards companies when it comes to corporate social responsibility. Norms, laws and regulations should be taken very seriously when conducting a business. The writer has spent a full year at Raben Trans European Hungary gaining a clear view on the company's operations, including activities in the name of corporate social responsibility. Since CSR plays a more and more important role in a business' strategy, Raben's CSR engagements were examined and evaluated. The purpose of this thesis is to find out what role CSR plays in a logistics company and whether it should be improved in order to gain advantage on the market. A survey was conducted amongst Raben employees to gain answers from inside the company on the level of satisfaction in terms of CSR.

The results showed that the employees are happy how the company engages in CSR activities and makes them proud to be employed by the logistics company. However, the number of employees participating in CSR activities could be higher. Raben knows that even a medium sized company could make a difference and give back to society.

After the result of the questionnaire were analyzed and presented, suggestions were made on how the company should improve its CSR strategy. The conclusion includes among others the importance of social media or incentive programs. Today the number one communication channel is social media, which could help Raben paint a picture of a good citizen. Incentive programs could motivate employees to be part of the company's CSR actions. The more people are willing to help, the bigger the effect will be on our world.

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Key words: corporate social responsibility, csr, Raben Trans European Hungary

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## **1 INTRODUCTION**

Do businesses exist to make profit or to serve a purpose? Do they exist for the shareholders or for the society (customers, employees, and environment)? The conventional view is exclusively to earn profit. However, to make profit a business is forced to care about society. They have to produce high quality product or the customer will not buy. They have to treat the workers well or they will leave. They cannot ignore the environment or their reputation will be hurt.

It is always an uplifting feeling to do something helpful and meaningful for others. Not only is an individual's responsibility to contribute towards society but also organizations' and businesses'. Through globalization, the population is rapidly growing while the environmental problems are increasing. To prevent such things that could harm our environment, our society needs every company to take corporate social responsibility serious. The subject of CSR is controversy, because many believes that social responsibilities do not belong to corporates day-to-day actions because their only responsibility is to make profit.

Profit is, indeed essential but it is only a by-product not the end goal. The end goal is a product that makes the customers' life better, an employee with healthy and enriching workplace and an environment for future generations. Caring about the society is not at the expense of profit, it supports profit.

The aim of this bachelor's thesis is to look at the role of corporate social responsibility in a medium sized company. The objective is to look at the different actions the company have taken in terms of different dimensions of CSR. Furthermore, after conducting a survey, suggestions will be presented on how the company could improve its CSR operations and strategy.

### **1.1 Thesis structure**

The first part of this thesis gives the reader information about how the thesis topic came about, with a brief background about Raben Trans European Hungary Kft.

for whom the research was conducted. The next part of this paper will be the theoretical framework, which gives the reader a deeper insight and a clearer perspective of the thesis topic. The theoretical framework will highlight some of the most important definitions, concepts and models which are relevant to the topic of CSR and will demonstrate an understanding of theories. Books, scholarly articles, and video lectures were used for writing this part.

The middle section of this thesis is going to be about Raben's CSR strategies and activities that have been carried out. This part consists five different areas where Raben has set goals for the organization's yearly strategy of CSR, which are the following:

- Health and safety of Raben employees
- Communication and cooperation with stakeholders
- Attracting and retaining the best staff
- Compensating the harmful impact of the environment
- To promote the role and quality of transportation by charitable acts

Furthermore, a questionnaire was conducted amongst Raben employees, which was evaluated in the latter part of the thesis. The outcomes of the research will be summarized, analysed and properly linked to the theoretical framework. The final part of this bachelor's thesis will cover the conclusion and action points the writer is going to suggest to improve the company's effectiveness in terms of CSR.

## **1.2 Raben Trans European Hungary**

Raben Trans European Hungary is the part of Raben Group's distribution network in Hungary. The company has a total of 40,000 m<sup>2</sup> of warehouse capacity in four different locations across the country. Raben Trans European Hungary works according to certificates (ISO 9001, ISO 14001, Bio Control, HACCP, AEOF) while the modern IT solutions and security systems guarantee the finest quality of services at all times.

Raben Group is a Dutch company founded in 1931 by J.W. Raben. The company is present in 12 European countries offering comprehensive logistics services. Significant part of the revenue comes from storing goods in the warehouse, but transporting and value-added services (labelling, packing) are also available for customers. In the recent years, Raben has been focusing on expanding their market by acquisitions mainly in Germany. Their main offered services:

- Contract Logistics (comprehensive logistics services which include, for example, warehousing and value added services),
- Road Network (domestics and international groupage and part load transport),
- Sea & Air (sea & air freight services)

### **1.3 Thesis objectives**

Companies feel a growing pressure from all stakeholders to conduct their business in a socially responsible way. Customers started to buy more than just the end product. Their decision is based on factors like environmental and social concerns, working conditions or human rights (Jenkins, 2005).

According to Comfort, Hiller and Jones (2006) there are five key drivers that have influenced the increasing business focus on CSR: (Comfort et al. 2006)

- greater stakeholder awareness of corporate ethical;
- social and environmental behaviour;
- direct stakeholder pressures;
- investor pressure;
- peer pressure and an increased sense of social responsibility.

Besides these driving factors, Bevan (2004) explains the wide range of potential benefits CSR could have from a business perspective. These include improved financial performance and profitability; reduced operating costs; long-term sustainability for companies and their employees; increased staff commitment and involvement; enhanced capacity to innovate; good relations with government and communities; better risk and crisis management; enhanced reputation and brand

value; and the development of closer links with customers and greater awareness of their needs. (Bevan 2004)

Based on these theoretical statements the purpose of this research is to gain deeper understanding about CSR and why do companies engage in such activities even if the direct financial benefit is not proven.

## 2 THE WORLD OF CSR

The idea of CSR has been controversial along history. It has been always the question whether a company should or should not involve CSR in their business strategy. A well-known economist Milton Friedman did not agree with such businesses, which believed in the importance of social actions towards the society. He explains social issues are not the concern of businesspeople and that these problems should be resolved by the unfettered workings of the free market system (Friedman, 1962). Another economist, professor at Harvard Business School Theodore Levitt argued, that a business will have a much better chance of surviving if there is no nonsense about its goals – that is, if long-run profit maximization is the one dominant objective in practice as well as in theory. Levitt believed that business has two responsibilities: (Levitt, 1958.)

- To engage in face-to-face civility such as honesty and good faith
- Profit maximization

### 2.1 Is there one definition of CSR?

The CSR concept was not considered a significant problem among businesses for a long time. However, since the 1960s social responsibility has become an everyday issue not only for businesses but for the law, economics and politics as well. CSR was not anymore a “nice-to-do” for marketing benefits, but essential part of an organization in order to convince customers to support their business. Clearly, CSR is a theory that has a bigger and bigger importance and impact concerning a company’s growth. To maximize this growth and bring out the most out of CSR, one must understand the real meaning of it. (Carroll, 1991)

Everybody - including the society, managers, CEOs, experts - interprets the concepts of CSR in different ways. Some of them believes CSR only means to comply with all the legal requirements and to not breach the law. Some of them sees CSR activities only in looking after nature. Some of them understands CSR as taking the extra mile and doing something generous voluntarily.

Philip Kotler defines CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”. Later, Kotler emphasizes the word discretionary to clarify that CSR is not something a company must practice. (Kotler & Nancy 2005)

A Norwegian economist Alexander Dahlsrud summarizes in “How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions” the complexity and confusion surrounding CSR. He has established a method to study the definition of CSR. This method consists of three steps. The first step was to collect definitions from different writings like books or publications. Secondly, he identified five dimension of CSR based on the gathered definitions (The environmental, social, economic, stakeholder and voluntariness dimension). With the help of a coding scheme Dahlsrud has applied, he was able to indicate which definition referred to which dimensions. In addition, as the third step Google calculated the relative usage of each dimension from the definitions. Dahlsrud believed that the real challenge for business is not to define CSR, but understand how to manage it as part of the business strategy. (Dahlsrud, 2006)

The World Business Council for Sustainable Development in its publication Making Good Business Sense by Lord Holme and Richard Watts, used the following definition:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. (Holme & Watts 2000, 8.)

Different societies and cultures across the world has different perceptions what CSR exactly means. Let’s take a look at the difference between one of the world’s economic leader the United States and Europe. On one hand, in the United States people look at CSR more from a philanthropic point of view. Organizations are doing a lot of charity by donating a certain amount of their profit. On the other hand, in Europe the norm is to run the core business in a socially responsible way, while the same time investing in the local communities.

## 2.2 The history of CSR

### 2.2.1 Early years

A historic review is important to have a better understanding about the development of the CSR concept. Even though, the concept is still rapidly growing, a look at the concept's progress is necessary.

Corporate social responsibility, at least some form of it, appeared in the 1950s. At the beginning, businesses mainly cared about the safety of their product or promoting it in an ethical way. Most of the researchers date the born of CSR when Howard Bowen's book was published in 1953. His book was the first comprehensive discussion about business ethics and social responsibility. He believed that the largest organizations are the centre of leverage. Thus, their decisions and acts significantly affect the life of the citizens. (Bowen 1953)

CSR started to raise public awareness in the 1970s. In 1970 the New York Times published Milton Friedman's essay "The Social Responsibility of Business Is to Increase Its Profits" in which he says:

There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. (Friedman 1970, 6)

Furthermore, Friedman argues that only people can have responsibilities not corporations. (Friedman, 1970)

As another significant milestone, in 1983 the stakeholder theory has been introduced as a new corporate social responsibility concept. According to this new theory, people who are touched by an organization have the rights and obligations to participate in directing it. Even though these people own no stock, they feel they have a moral claim to participate in the decision making process.

In 1987, the World Commission on Environment and Development presented a book called “Our common future”, which consists the basic concepts of sustainable development until this day. The book defines sustainable development as a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Report of the World Commission on Environment and Development: Our Common Future 2008)

In the 1990’s conscious consuming became more and more important for the people. In order to raise public awareness, businesses started more activities that are charitable and provided monetary help for different organizations. Those times charitable movements were part only of the short-term strategies.

### **2.3 CSR trends we are looking for**

Due to some events of the recent years, which have changed the role of corporations in facing social and global challenges, the expectations towards organizations are higher. Expectations to take their activism to the next level in issues that are important to their employees, customers and communities. Some of the key trends to look for in the next couple of years are the following. (McPherson 2018)

#### **2.3.1 Workplace harassment and equality**

In the last year the #MeToo scandal made it clear that women suffers not only from sexual harassment, but also are mistreated in every industry. Corporate cultures and policies are designed to prevent them speaking the truth. 2018 is the year where changes has been made in terms of internal reporting policies and workplace inequality. Corporations should also look at the ratio of women and men in leadership teams and boards and make the right changes if needed. (McPherson 2018)

### **2.3.2 Expanding the diversity conversation**

The initiatives towards gender equality and mutual respect between men and women has been a great beginning in the last year. However, diversity should not only focus on the gender equality but on the broader picture. Cecily Joseph, vice president of the software company, Symantic said the goal is creating a workforce that embraces every culture, language, age, sexual orientation, disability, background and experience – and giving a voice to those differences. In the 21st century, every company has to realize how diverse the population gets year by year and how to address this situation within and without the workplace. (McPherson 2018)

### **2.3.3 A shift from disaster recovery to climate resilience**

Companies are likely to invest more resources into prevention of natural disasters rather than just recovery. The sooner a company addresses the challenges caused by climate change, the better its chance to protect their businesses, supply chains and communities. With today's innovative technology, it is essential to redefine business models and policies in order to be able to respond to these challenges. (McPherson 2018)

### **2.3.4 Prioritizing privacy and data protection**

Before the new GDPR (General Data Protection Regulation) law, data breaches did not mean as serious concern as it should have been. It should be evident to companies to handle and protect personal information more diligently. Luckily, in 2018 privacy and data protection means a top priority issue, where executives are expected to increase resources. Nowadays personal information is protected as never before and breaching the law concerning private data comes with serious fines. (McPherson 2018)

### 3 CORPORATE SOCIAL RESPONSIBILITY

#### 3.1 Why do companies engage in CSR activities?

Archie B. Carroll's pyramid of CSR is one of the most famous model of CSR, created in 1991. After 26 years later, this model is still one of the most accurate way of explaining the meaning of corporate responsibility. Carroll argues that this four-part pyramid should be seen as a whole and the different parts should not be separated (Carroll 1991). Carroll's pyramid is built up from four parts, which are the following:

- Economic responsibilities
- Legal responsibilities
- Ethical responsibilities
- Philanthropic responsibilities

For a business in order to stay credible in the public's eye, it is crucial to pay attention to all of Carroll's pyramid's components.



FIGURE 1. Carroll's pyramid of CSR

### **3.1.1 Economic responsibilities**

It is not a coincidence that the economic responsibilities are the base of the pyramid (Figure 1). Profitability and sustainability are essential parts of CSR. Every business is expected to be able to serve a purpose towards society. Society looks at organizations as institutions that will produce and sell the goods and services it needs. First of all, the key point in being economically responsible is profitability. Before a business would take actions as a good corporate citizen, it first needs to make sure that the company has a future. If it does not make any money, the last thing will be social responsibilities to worry about. The company will not last and employees will lose their jobs. In today's hypercompetitive business environment, a company must sustain its profitability in order to give back value to society. (Carroll 1991)

A good example of economic responsibility would be when a company changes its manufacturing process to a more eco-friendly solution, like using recycled products. This would not only benefit the company by lowering the costs of materials but also society by consuming fewer resources.

### **3.1.2 Legal responsibilities**

Corporate organizations are a huge part of our society, but they are also expected to meet some minimal ground rules in order to operate and function. These rules are regulations and laws established by the state or government and are fundamental parts of fair business. Businesses are obliged to operate regarding these laws and regulations. It is not a surprise that organizations have a person whose job is to make sure that the company operates according to laws and regulations. There are thousands of legal responsibilities covering almost every part of the operation, including consumer and product laws, environmental laws or employment laws. Legal responsibilities a company must meet to be law abiding citizen: (Carroll 1991)

- Complying with the various regulations

- Operating without breaching the law
- Legal obligations towards societal stakeholders
- Goods or services provided by the company meet legal requirements.

### **3.1.3 Ethical responsibilities**

Societies believe that besides following laws and regulations, businesses must operate and conduct their affairs in an ethical fashion. The goal of ethical responsibilities is to show guidance in those cases when laws do not dictate any course of action in order for businesses to operate in a fair and objective way. There are certain norms and standards set up by society that organizations need to respect, even though they are not codified into law. The main aspect of ethical responsibilities is that businesses will be responsive to norms, standards, values and principles expected by consumers, employees and owners.

There is only a slight difference between legal and ethical responsibilities. Both are based on ethical premises, but the, as mentioned above, the difference hinges upon the mandate society has given business through legal codification. (Carroll 1991)

### **3.1.4 Philanthropic responsibilities**

In the cases of legal and ethical responsibilities the driving factor was coming outside of the company. This factor was our society requiring an expecting businesses to work fairly and honestly. On the other hand, when it comes to corporate philanthropy the driving factor is inside the company, which is to be a good citizen. Businesses are encouraged to do voluntary or discretionary activities that are not mandated, not required by the law nor expected in any ethical sense. If the social relationship between business and society is examined, it is found that society expects businesses to be good corporate citizens just as individuals are. To prove that to existing or potential customers and shareholders, companies participate or organize programs where they could give back to society. They could do so by

giving monetary gifts, donating products or services, volunteering employees to contribute to the community.

Altruistic motivation could drive a business towards discretionary activities, but most companies give back to society to demonstrate their good citizenship. Ethical and philanthropic responsibilities could be confusing, but the primary difference is that business giving is not expected in a moral sense. Surely society benefits from business' generosity, however will not label them as bad citizens based on their level of giving. (Carroll 1991)

Miles and Munilla (2005) list the factors that motivates companies to participate in CSR by using Van Marrewijk's (2003) CSR Framework and Carroll's pyramid, which can be seen in the table below. This table shows how motives and outcomes are related to the level of commitment to CSR. The framework describes that that a company's CSR philosophy can be, compliance driven, profit driven, driven by caring, synergetic or holistic.

TABLE 1. The interrelationship of CSR framework and Carroll's pyramid

CSR ambition level	Motives (Van Marrewijk, 2003)	CSR Category (Carroll, 1991)
<b>Compliance driven</b>	Duty to society, CSR as a social obligation – perception of CSR expenditures as a simply a cost. Economic responsibility is paramount.	Legal
<b>Profit driven</b>	CSR as a strategic initiative – using CSR to create competitive advantage and superior financial performance. CSR expenditure perceived as an investment in the creation and renewal of competitive advantage – resulting in an enhanced stream of future profit.	Economic
<b>Caring</b>	Economic responsibility is paramount. Using CSR to balance the triple bottom line of profits, people and planet. Explicitly stating that the corporation will manage for social welfare, not simply to create wealth for shareholders. Social and/or environmental trumps economic responsibility.	Ethical and philanthropic
<b>Synergetic</b>	Use of CSR to attempt to create a “sustainable corporation” – that will be able to be an ongoing concern over the long run. Social and/or environmental responsibility I strategically used to create competitive advantage and meet the corporation's economic responsibilities.	Economic, legal, ethical and philanthropic
<b>Holistic</b>	CSR as a corporate culture – similar to when firm adopts a marketing, entrepreneurial, or quality orientation. Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation's economic responsibilities.	Economic, legal, ethical and philanthropic

According to Idowu & Pappasolomou, it has always been a question whether it benefits to be socially responsible. However, there are several arguments that

propose different reasons why a company engages in CSR and what economic advantage participating in CSR means.

As Kotler and Lee (2005) suggest the main objective behind participating in CSR is to look better in the eyes of potential and existing customers, stakeholders, investors or even in the media. Moreover, if the company is acting socially responsible employees, customers or investors will feel good about the business. An image of a socially responsible business sells better and a strong reputation helps the business to last longer. In the table below, it is shown what Kotler and Lee (2005) argues to be the reasons and benefits for companies to participate and engage in CSR activities such as like increased sales or improved brand positioning. The table also shows that Kramer and Porter (2006) believes that the reasons for participating in CSR is driven by moral obligation, sustainability, license to operate and reputation. (Kotler & Lee 2005; Kramer & Porter 2006)

TABLE 2. Reasons and benefits for participating in CSR

Kramer and Porter (2006)	Kotler and Lee (2005)
Moral obligation	Increased sales and market share
Sustainability	Improved brand positioning
License to operate	Improved image and clout
Reputation	Increased ability to attract, motivate and retain employees
	Decreased operation costs
	Increased interest for investors and financial analysts

According to Kramer and Porter companies use CSR because of:

- **Moral obligation:** The simple reason why companies engage in CSR activities is to be a good citizen and to meet society's expectations. These communities need what a company has to offer for its improvement.
- **Sustainability:** In order for a business to give back to society, first it needs to be profitable in the long run.

- **License to operate:** One other reason for companies to participate in CSR is the requirement from governments, communities and stakeholders to follow regulations and laws to be able to conduct business.
- **Reputation:** To participate in CSR could simply improve the image of the company and strengthen its position on the market. People are more likely to buy from a company that is conducting business in a socially responsible way.

Kotler and Lee has a different point of view of why conducting a business in a socially responsible way has its benefits:

- **Increased sales and market share:** CSR plays a more and more important role when it comes to the decision which product to buy. A poor track record of CSR could drive new customers away.
- **Improved brand positioning:** On the other hand, a good track record of CSR improves the image of the brand and the perception by the customers. Consumers are more likely to commit if they see well-established CSR practices.
- **Increased ability to attract, motivate and retain employees:** CSR is not only about taking care of the society or stakeholders but of the employees. Knowing that the company we work for participates in CSR activities could be motivating.
- **Decreased operation costs:** Business executives can increase revenues and reduce cost when they understand the concept of CSR. Improving environmental strategy like reducing pollution or improving waste management could lead to reducing operation costs.
- **Increased interest for investors and financial analysts:** Some believes it is easier to increase stock value and capital when participating in CSR.

Some of the reasons and benefits of engaging CSR are listed above that are believed to help business to gain financial profits. However, Kramer et al. (2006) argues that it is difficult to determine the exact benefits that a company gets from their CSR activities. Additionally, Kramer et al. argue that it is difficult to measure the connection between conducting our business in an ethical way and customer satisfaction. The bottom line is that both Kramer et al. and Kotler et al. were convinced that CSR will play an essential role in business' strategy.

While nowadays, CSR is more and more accepted some still agree with the argument that it can affect the company negatively. (McGuire et al, 1988) These people believe that the sole objective of a business is profit maximization and CSR is only in the way of this. Additionally to the above-mentioned ultimate goal, many argue that managers do not have any legal obligation or experience at all to focus on and improve social issues rather than maximize shareholder wealth.

Smith belongs to the optimists who believes companies that engage in CSR are more likely to gain competitive advantage and improved reputation, thus perform financially better than those companies that do not actively participate in CSR. (Smith 2007)

To conclude, there are two thoughts of school on why companies participate in CSR activities. One of them is explains that since the environmental situation has risen, it is required for companies to participate in CSR in order to fight back these changes. (Smith 2007) Besides the environmental needs, it is also crucial for them to meet societal and stakeholder expectations.

The counterparty believes the only reason for companies to participate in CSR is simply monetary. It is not about doing the right thing, but increasing profits and revenue.

### **3.2 The Triple Bottom Line**

John Elkington, who is known of the guru of sustainability proposed first in 2006 the concept of triple bottom line as well. He suggested that corporations should

not only measure its success based on the financial performance (profit, return on investment, shareholder value) but also on their role in the broader economy, the environment, and the society in which they operate.

We are living in a world where corporations are increasingly being held accountable not only for their own actions but for those of their suppliers, the communities where they are operating in and the customers who use their products.

For a business to work as efficient as possible, utilizing environmental (water, energy, raw materials) and social resources (employee's time and talent, infrastructure provided by governmental agencies) besides financial resources is essential. Stakeholders receive benefits from the environmental and social dimensions if a business measures, documents and reports a positive ROI on these bottom lines besides the financial bottom line. The goal of the TBL concept is to make sure a business runs sustainable by measuring the impact of the activities on the outside world. A positive TBL communicates a strong, well-working message, moreover increases the company's value and its economic, environmental and social capital. (Elkington 2004)

TABLE 3. The Triple Bottom line

	<b>Economic</b>	<b>Environmental</b>	<b>Social</b>
<b>Typical Measures</b>	Sales, profits, ROI	Pollutants emitted	Health and safety record
	Taxes paid	Carbon footprint	Community impacts
	Monetary flows	Recycling and reuse	Human rights; privacy
	Jobs created	Water and energy use	Product responsibility
	Supplier relations	Product impacts	Employee relations
	<b>Total</b>	<b>Total</b>	<b>Total</b>

However, the table above (Table 3) shows how difficult is to measure sustainability and sum it up with one number. There is yet no method or formula how a company could measure its performance in terms of sustainability. It is nearly impossible to accurately describe consumer's or the community's benefits.

Elkington argues the triple Bottom Line exists currently as a kind of balanced scorecard that captures in numbers and words the degree to which any company is or is not creating value for its shareholders and for society. (Elkington 2004)

#### 4 RABEN TRANS EUROPEAN HUNGARY AND CSR

CSR in Hungary is slightly lagging behind western countries, but more and more companies are beginning to integrate this activity into their organizational strategy. Responsible behaviour moves more and more people. In Hungary, more and more events are organized around CSR, such as conferences, workshops, exhibitions and expos. In addition, there is an opportunity at the Budapest Metropolitan University to study how to become a CSR manager.

To look better, feel better and live longer. Kotler and Lee (2005) explains that those are the main reasons for a company to engage in CSR. However, as it will be explained in this chapter CSR is much more. It is about increasing sales and market value, motivating employees, having more leverage than competitors, creating a better-perceived brand image or decreasing operation costs. (Kotler et al 2005)

During my practical training at Raben Trans European Hungary, it was amongst my responsibilities to put together the CSR strategy. Raben challenges every day itself to identify the issues that are most important for the clients, the employees and for the society as a whole. Raben aims to achieve three things:

- To enable its clients to address the complex issues and accelerating disruption they face, supporting their compliance with changing regulation and helping them to create a prosperous future for everyone.
- Raben gives opportunities to its people to fulfil their potential, engaging with some of the most fascinating business challenges facing us today.
- Raben aims to create an environment where the employees can have the most positive impact on business and society. As a result, the personal commitment and energy of the people act as a force of positive change in the community, helping those who really need the support.

Golob and Podnar (2007) argues that the reasons behind the rapid growth of companies acting socially responsible is the higher pressure from society. Companies are being held accountable for social consequences that comes from the

way they conduct their business. Moreover, due to the rising environmental issues the demand for companies to act now against these problems are also increasing. (Golob et al. 2007)

Raben believes they represent an improved brand image with high reputation if they act as a “good citizen” by participating in CSR. The moral of the employees and the level of motivation also seems higher if they know that the company gives back to the society, not to mention the improved market position.

Raben is following the principle thought of CSR, which says a business may continue operating as long as the society believes that it is for the better good. Raben’s development, growth and initiative has a great effect on its surroundings. The logistics company is trying to focus on projects that are focusing on the problems pointed out by the environment. Furthermore, the Dutch company also aims to deliver a message about the importance of logistics services.

Since Raban is a multinational company, there are some expectations from the parent company (which is located in Poland) what areas the CSR activities should support. The table below (Table 4.) shows the areas determined by the parent company. However, the activities were defined by Raben Hungary. In the next part of this thesis, Raben’s CSR activities that fulfil the above mentioned three points will be presented in details.

TABLE 4. CSR strategy of Raben Hungary

Area	Activity
<b>Taking care of health and guaranteeing safety</b>	Healthy week: newsletters, gadgets, trainings/meeting with doctors
<b>Partnership, dialogue and sharing with stakeholders</b>	Cooperation with social enterprise
	Dialogue with local community
	Customer service satisfaction research - CSR part of questionnaire
	Volunteer program
<b>Attracting and retaining the best staff</b>	Dancing with pallets
	Rabenade
	Drivers satisfaction project
<b>Compensating negative impact on the environment</b>	Calculation CO2 emission per year
	Notice board with information about consumption of the energy
<b>The role and quality of transportation and logistics services</b>	Events in kindergarten
	Food Banks (Christmas action)

#### 4.1 Health and safety of Raben employees

As Elkington suggested in order to bring out the most from a business as much as possible human resources must be appreciated and taken care of. In the light of keeping up the people's working moral and energy, Raben organizes annually a week, where their health is in the middle. This way the employees feel appreciated and taken care of.

These five days are about supporting a healthy way of living with different programs and lectures. The goal of this initiative is to remind the workers, especially those who are sitting at work, to pay attention to the risks of working in an office and how to prevent certain illnesses.



PICTURE 1. Health-week at Raben

It was my responsibility to organize all sorts of activities and events that are related to the topic. The programs were put together in a way that everybody was able to find something suitable for their need. There were different body examinations, sports where the employees could compete at or simply just try out (table tennis, yoga) and consulting opportunities about healthy nutrition. As the picture above shows, every day started with a 15 minutes morning exercise.

#### **4.2 Partnership, dialogue and sharing with stakeholders**

Raben is located in Dunaharszti, which is 15 kilometres from Budapest, the capital of Hungary. The company can be found in an industrial park with several other business plants. The main road leading to these industrial parks has at least two dangerous intersections that are not controlled with traffic lights or traffic roundabouts. Employees of these companies are put to danger every day by simply going home after work. Not one accident had been reported from those intersections.



PICTURE 2. Dangerous intersections

Raben has called a meeting inviting other firms from the industrial park and a member from the city council to discuss the situation and come up with a solution together. Unfortunately, permits has not been given yet from the city, which would allow the constructor to start the work possibly building the roundabouts.

The message Raben communicates with this initiative is the importance of the safety of their employees. It is appreciated by the people at Raben that the company do not rest until this problem is solved and the number of accidents are kept at zero.

### 4.3 Introducing a logistics company to future workers

In Hungarian high schools, students do not have a lot of opportunity to get an insight into an operation of a business whether it is a logistics or a consulting

company. It is difficult to have an understanding of the different professions before choosing a university.

Raben gives a chance to students every year to visit the company and experience how it is operating on a daily basis. The high school students spend the whole day at the company with lectures from different departments. They get to know the responsibilities of an HR, marketing, sales or customer service worker. At the end of the day, the visitors are taken to the warehouse where they can see in real life how a logistics company is working.



PICTURE 3. Career day at Raben for students

Not only high school students have this opportunity. Last year twenty-three students from Budapest Corvinus University visited the company as well.

#### **4.4 Compensating the negative impact on the environment**

Raben is aware of the company's impact on the natural environment. The firm is determined to have a positive influence. Ecology is of great importance. By conserving natural resources, measuring, reporting and lowering emissions of greenhouse gases, Raben acts for the common good – for the future. After all, the goal

is to make sure the next generation has access to the same resources that are used today.

Raben encourages its clients to act ecologically responsible by offering them an opportunity to use e-invoices, which saves time, conserves natural resources and eliminates the risk of losing the document.

Furthermore, Raben offers to their customers certified tools to measure their impact on the environment, such as the “Greenhouse Gases Calculator” which allows them to accurately measure the emissions of greenhouse gasses and carefully plan the targets of their reduction.

Twice a year, there is a Saturday when the employees are invited to collect the trash around the premises. 20-30 people get together and cleans the outside area of Raben’s plant.

#### **4.5 The importance of transportation and logistics**

It also belongs to Raben’s mission to emphasize the role of logistics companies played in our society. Raben is the logistics partner of Bonduelle, which is a food production company selling mainly canned vegetables.

In 2018, Boundelle presented six thousand cans of food collected in their “Advent Calendar” campaign. The six thousand cans of food were distributed for charity purposes by Raben to the Hungarian Charity Service of the Order of Malta. The donation was distributed to families in need across the country, raising a big number of children. The two companies have been successfully co-operating with each other for years but it was their first joint social responsibility project.



PICTURE 4. Advent Calendar campaign

#### **4.6 Other CSR activities**

Raben also organizes blood donations in cooperation with the Red Cross, involving nearby businesses too. Employees are so enthusiastic to help by giving blood it became a tradition and happens every year at Raben's facilities.

Raben also have organized in three consecutive years the "Shoebox" charity collection for children in need. This initiative is about filling shoeboxes with toys, useful gadgets, accessories these children do not have the chance getting. Raben's goal is to enhance the physical, mental and emotional development of the children in poverty.

These two events - besides helping others - raise awareness for the company and show how important it is for Raben to be socially responsible.

## **5 EMPIRICAL RESEARCH**

To obtain a better insight into the efficiency of Raben' corporate social responsibilities, there were a research conducted. The research performed provided qualitative and quantitative data, and enabled for more accurate conclusions from different angles of outcome in the analysis stage of the project. The goal of the research was to be able to extract enough data to be able to identify how important CSR activities are according to the employees and what role does it play in their every days.

### **5.1 Methodology and results**

The aim of the research is to highlight the fact that social responsibility as a strategic option significantly influences the strengthening of sustainable business and of corporate sustainability in consequence. The research hypothesis is the following: CSR strategies have a positive impact on the strengthening of sustainable business. Moreover, the writer developed three research questions: why companies engage in CSR, how they do it, and what is the benefit out of it.

A questionnaire was prepared by the researcher to find out more about how the employees of Raben Hungary perceive CSR. The number of employees was 217 on the day the survey was conducted and 50 of them has filled out the survey. The answers were gathered from the company's different departments to have different perspectives on how CSR is seen within Raben. It was especially interesting to have answers from the warehouse workers. It has been always a challenge for the company to involve people who are working in the warehouse to participate in CSR activities. 9 out of the 50 responses came from the warehouse, which gives a great depth to the result of the survey.

Five questions were asked which will be analysed in the next part of the thesis.

1. What do you think drives Raben European Trans Hungary to engage CSR activities?

2. How important do you think that Raben meets the expectations and norms of the society?
3. If a company had a proven track record of poor CSR, would you still use their services?
4. Do you think Raben pays enough attention to its corporate social responsibilities?
5. Have you ever participated in one of Raben Hungary's CSR activities?

## **5.2 The voice of Raben employees**

The first question of the survey was about what drives the company in acting socially responsible. Some interesting thoughts were deduced from the results, which can be seen in Figure 2. 73% of the answers said to improve the image of the company and 15% thinks the company's motives are just monetary. The latter percentage is interesting since most of the theories suggest having a CSR strategy is necessary in order to make the company more profitable. It is notable that more than half of the people said CSR is good for differentiating the company from competitors. Especially in the logistics area, there are a lot of companies in the market competing for customers; meanwhile CSR is getting more and more attention. It could be a deciding factor in choosing logistics service provider whether a company has a positive effect on its surrounding or not. What is also surprising is that only 38% of the people answered "To meet the society's expectations". We have read in the theoretical framework how the pressure is growing for businesses to give something back to society. Moreover, there is always the parent company who sets the annual strategy for the company that must be followed by every branch.

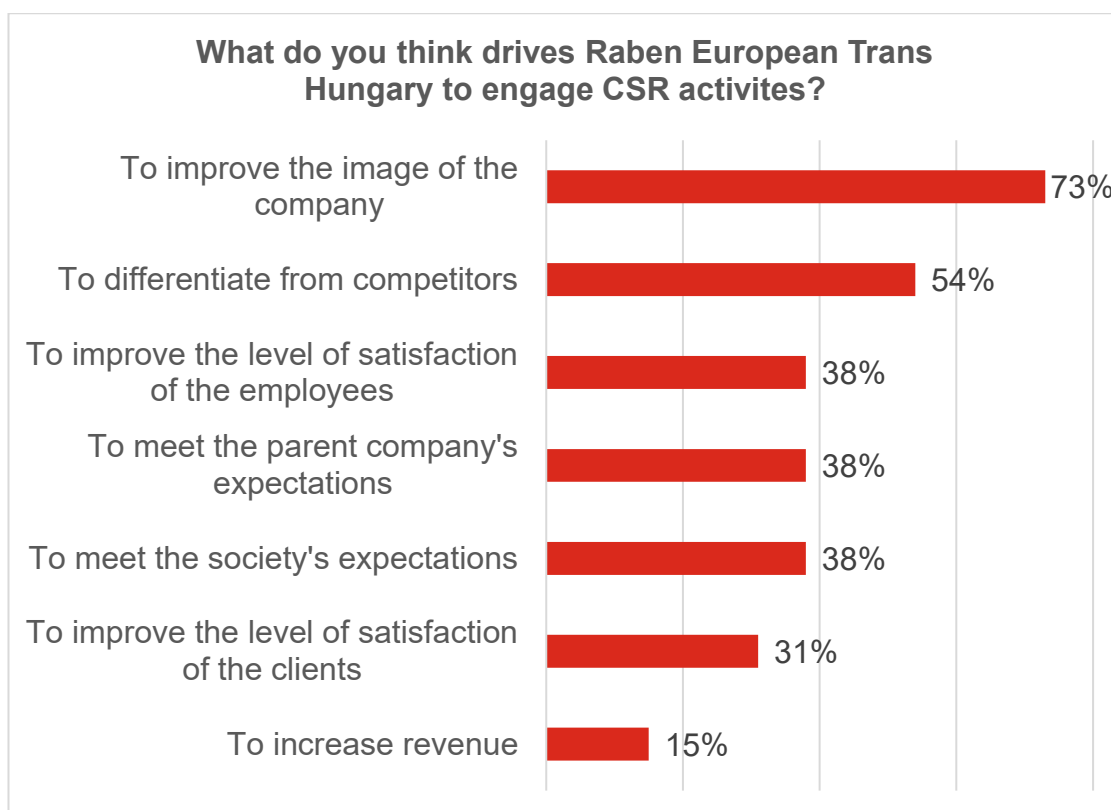


FIGURE 2. What do you think drives Raben European Trans Hungary to engage CSR activities?

As we saw in the first question, it is less likely that the main motive of a company engaging CSR activities is to meet the society's expectations. However, 73% of the answers (Figure 3.) say it is still very important to run your business ethically. The aspect of social responsibility of a company is mainly concerned with the role of the company in addressing issues of societal benefit and of reduction in social costs. Yet, 27% of the people answered it is important or not important at all for Raben to meet the society's expectations.

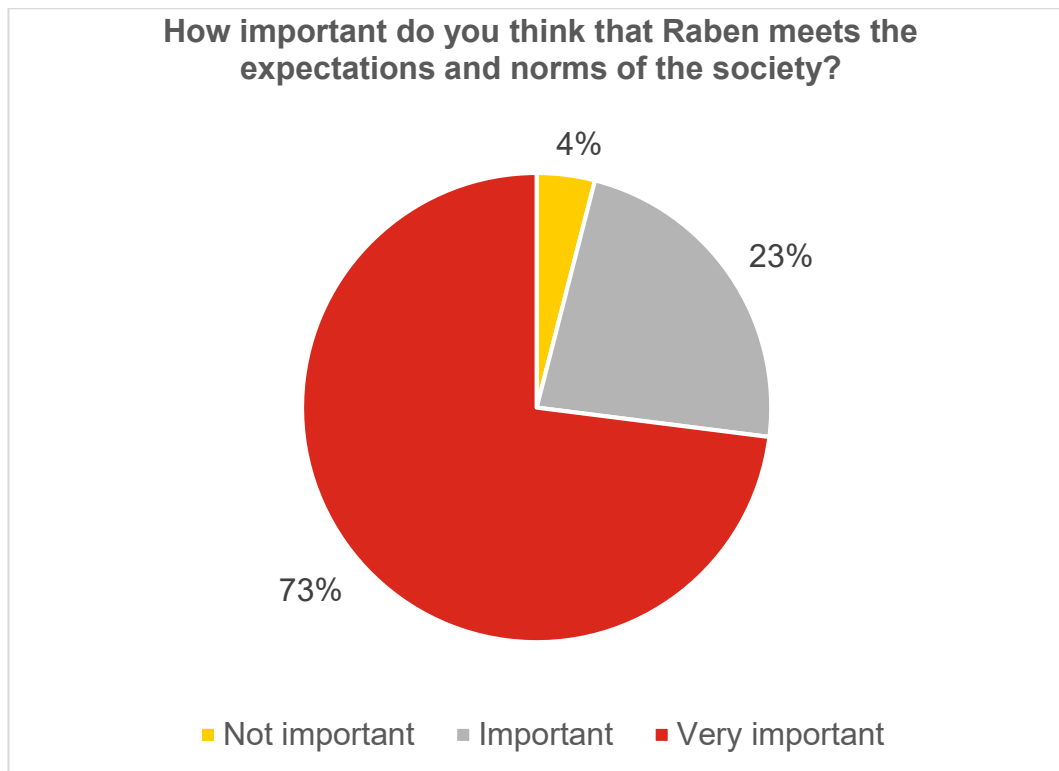


FIGURE 3. How important do you think that Raben meets the expectations and norms of the society?

The next question of the survey (Figure 4.) was about the effect of a proven track record of poor CSR. More than half of the people (65%) said they would still use a company's services despite of a proven record of poor CSR. Maybe this question implies what Friedman had to say about CSR, as a businessperson has no other social responsibility to perform except to serve his shareholders and stockholders. As long as the business is profitable and satisfies the monetary expectations, it does not matter if the society is not getting anything out of it. This concept mainly belongs to people who believes CSR is depending only on the individuals not businesses.

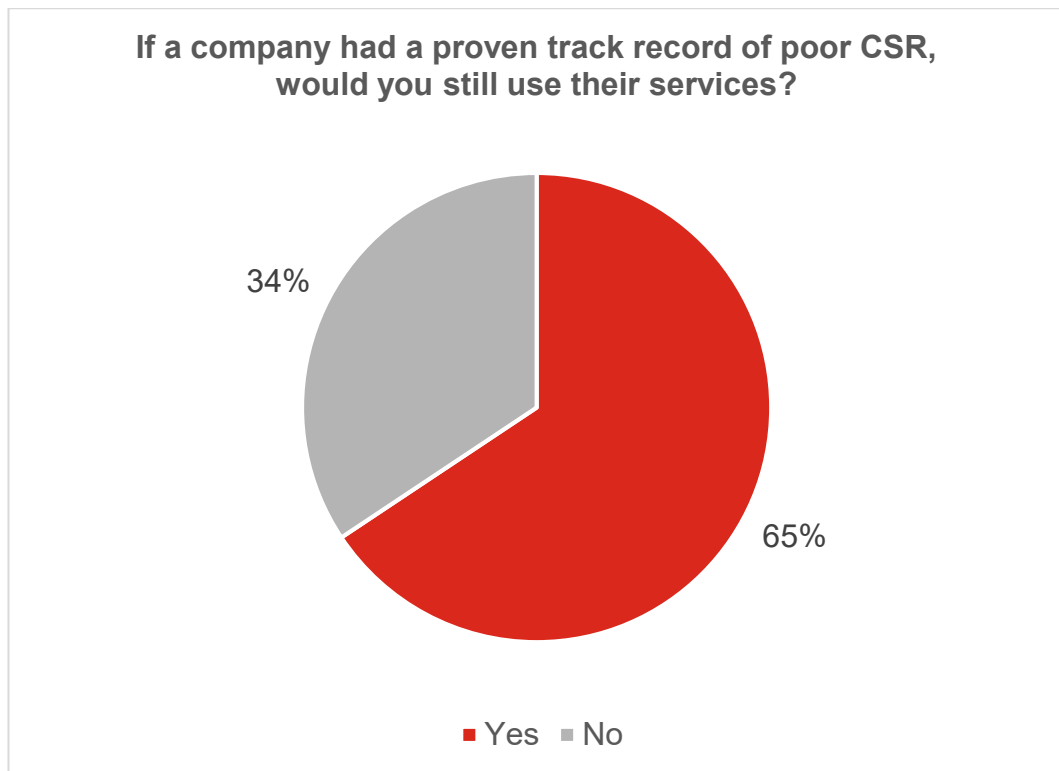


FIGURE 4. If a company had a proven track record of poor CSR, would you still use their services?

As listed in the previous chapter, Raben has many activities in the name of CSR whether it is taking care about the employees, caring about the community of Dunaharaszti or simply just doing business in an ethical way. This is proven by the 92% of the answers (Figure 5.) who agreed that Raben indeed, pays enough attention to its surroundings. All the initiatives towards lifting people's work ethic, improving local organizations or educating future workers seems to be recognized by Raben employees as well.

The last question of the survey wanted to have an insight of what percentage of the employees are participating in CSR activities. As the figure shows (Figure 6.) the number is balanced between the people who have been a part of any CSR program and who haven't.

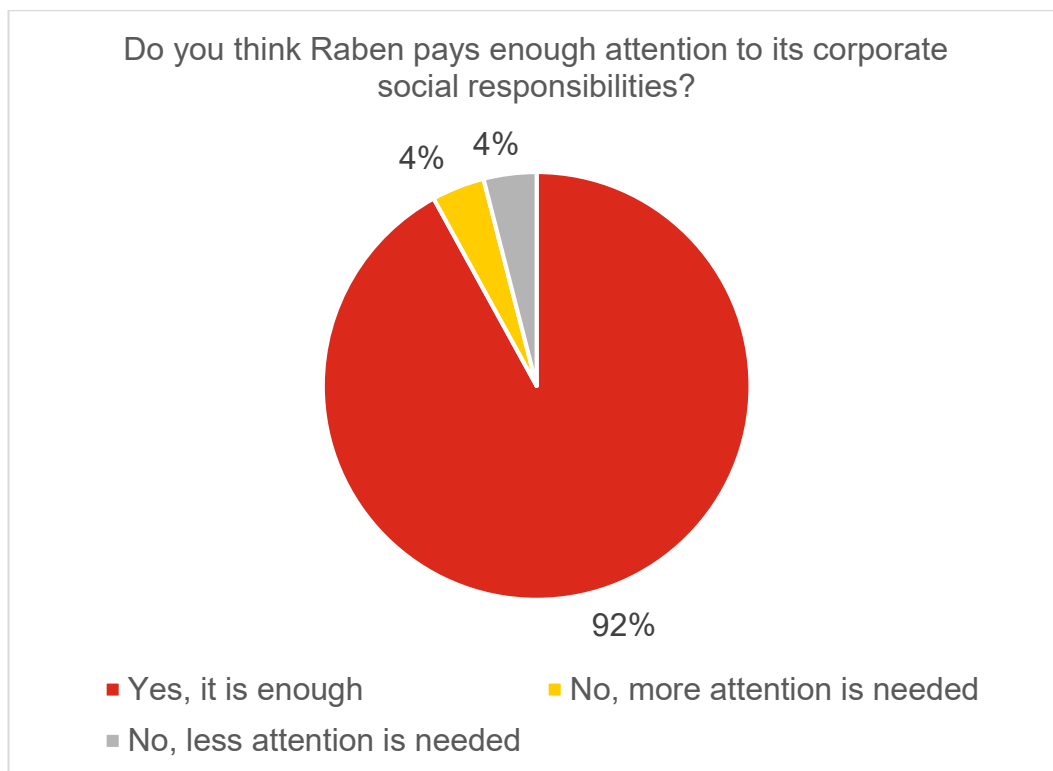


FIGURE 5. Do you think Raben pays enough attention to its corporate social responsibilities?

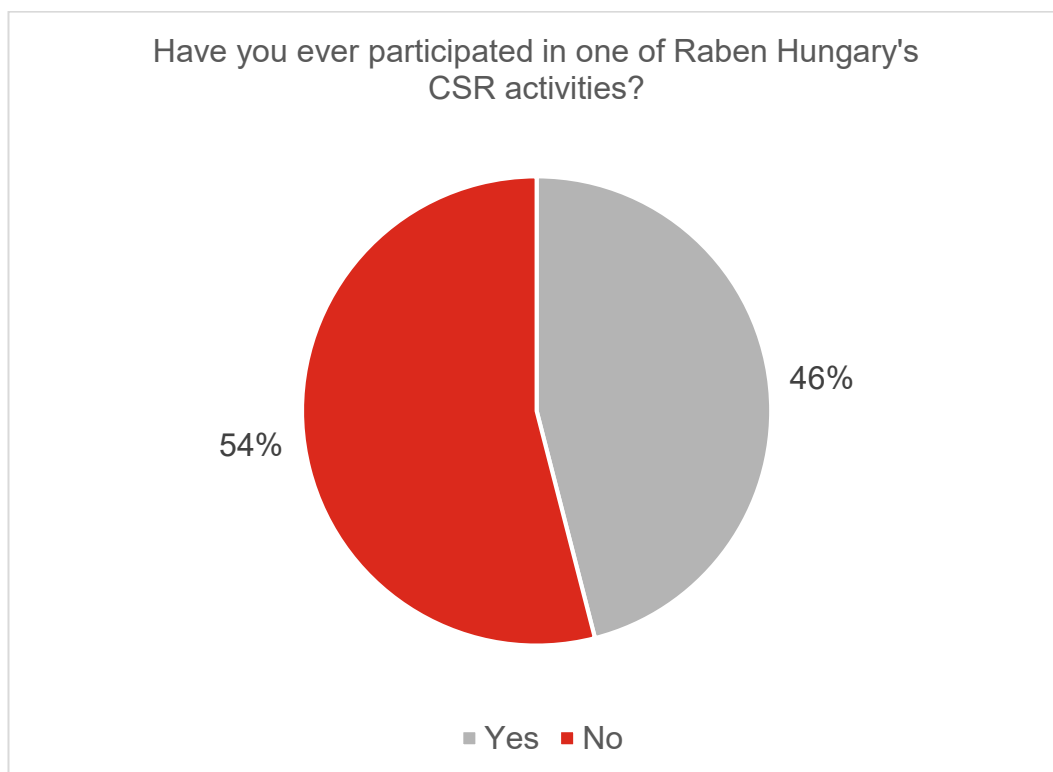


FIGURE 6. Have you ever participated in one of Raben Hungary's CSR activities?

## **6 DISCUSSION**

### **6.1 Why does Raben engage in CSR activities?**

As described in the previous chapters there could be more reasons for companies to participate in CSR activities. One reason that was discovered during this research is to improve the company's reputation and image. As the result of the survey indicates, Raben's main goal with CSR is to improve the perception of the company in the eyes of customers and stakeholders. If a company engages in CSR, it might be done in the hope of getting a competitive advantage on the market as competition is growing globally more rapidly. The other reason for Raben to engage in CSR activities is to differentiate their services from competitors, thus they could have that competitive advantage.

Some businesses use CSR as they have economical incitements. Their goal is to improve the financial performance of the firm through CSR. However, it is hardly possible to prove that CSR has a direct effect on a company's revenue or monetary performance. A company's main objective is to serve the interest of its shareholders and maximize profit. Customers, society and the environment expect organizations to focus more attention on CSR, which explains the fact that CSR engagements has increased in the last years. CSR has gained a lot of attention in recent years especially from the society through the pressure that is put on companies to include CSR in their business strategy.

Raben European Transport Hungary is a company that has great effect to its surroundings. The size of the company is enough to lead to a change with its CSR activities. As it was described in the main part of this thesis, Raben gives continuous attention to its employees, environment, society and shareholders.

### **6.2 How could Raben improve its CSR activities?**

As a multinational company, Raben Hungary gets the framework of the CSR strategy from the parent company. Each year the company comes up with new

ways how to provide for the customers', employees', society's and shareholders' well-being. Either it is lifting the moral of the employees or charity work, Raben always seeks to meet the expectations of its surroundings. As the survey also has proven, Raben conducts its core business in a socially responsible way.

As the result of the first question of the survey indicates Raben also engages in CSR activities to create a better image of the company. In order to let existing or potential customers or stakeholders know about what a 'good citizen' Raben is, it is essential to spread the company's activities that proves social responsibility. The best channel for this to achieve is social media. The active usage of Facebook, LinkedIn or Instagram could lead to shape the picture of the company in their followers' eyes. Nevertheless, an improved reputation will definitely result in increased sales or motivated employees. Moreover, as the survey shows people tend to conduct business if they know the other party cares about its surroundings.

The more employees Raben could motivate to participate in CSR more energy they could invest in being socially responsible. As the survey shows, only half of the respondents have ever participated in CSR within the firm. Raben could work out an incentive program to motivate employees to be more active when it comes to giving back to society. Furthermore, it is suggested to assemble a team dedicated to organize and lead CSR activities. The team should include employees from sales, marketing, HR, finance and the warehouse to represent the different departments. In addition, this person should act as a CSR ambassador with influence so people from his/her department will likely follow him/her.

It is also suggested to prepare an annual CSR report that summarizes all those activities that Raben Hungary had done through the year. It could show numbers like lives affected by CSR, employee hours put into CSR or numbers that show how Raben cares about the environment (CO<sub>2</sub> emission).

It is hardly possible to prove that corporate social responsibility is linked with better financial performance. However, as the world is more concerned with environ-

mental, economic or social problems people started to call multinational companies to account for making an impact that matters and help to fight back these problems because being united can make big changes.

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