



The Greening of Road Transport in the UK: an investigation of
the adoption of the principles of Corporate Social Responsibility
in the UK road freight industry.

By

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Abstract

The Greening of Road Transport in the UK: an investigation of the adoption of the principles of Corporate Social Responsibility in the UK road freight industry.

This dissertation is aimed at determining the state of adoption of Corporate Social Responsibility (CSR) principles by the UK road freight industry.

CSR is a business strategy that some organisations use to manage the risks to reputation, brand and profitability. The rise in the profile of CSR has been partly as a result of the balance of power shifting away from suppliers to customers forcing organisations to integrate its principles into their general business strategy and corporate culture to ensure competitiveness.

In order to answer the research question content analysis of an on-line questionnaire was undertaken to determine what perception the road freight industry has regarding CSR, sustainable distribution, its economic effects on operations, as well as trying to find out how deeply CSR is embedded into the industry, what actions the industry is taking and what it thinks the future will look like.

The findings show that there was a positive response from those who replied and some had made up to a 15% improvement in operating costs and resulting CO2 emissions reduction. However due to the structure of the industry it is unlikely that these achievements could be replicated across the whole industry.

The dissertation concludes by recommending a 10 point implementation plan that provides a framework for smaller companies to manage their business more effectively and be able to demonstrate CSR externally.

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1. Introduction

1.1 Definition of CSR

Corporate Social Responsibility (CSR) is a form of corporate self regulation integrated into a business model. It is often described as the deliberate inclusion of public interest into corporate decision-making, and the honouring of a triple bottom line: People, Planet, and Profit. Elkington (1994). It is one of those concepts that can mean anything depending on organisational circumstances. It can be made up from a number of interchangeable terms such as: corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance (Wood, 1991). Likewise there are many different definitions that have appeared over time.

The UK Government sees Corporate Responsibility as *“the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides”* (BERR 2009).

Although the concept of CSR has been around since the 1960's the Brundtland commission (1987) provides the basis for the modern day debate. This commission described sustainable development as:

“...development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- *The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and*
- *the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.”*

The issues contained within CSR are therefore driven by the needs of “society” and as such are subject to constant change depending on political mood or economic needs. The following list is representative of current issues (Zaman 2003).

- Corporate Governance
- Health and Safety
- Employee Rights
- Supply Chain Management
- Marketing and Communications
- Environmental Impact
- Community Responsibility
- Animal Rights
- Investor and Shareholder Activism
- Technology and Data Privacy
- Government Legislation
- Business Ethics

Business in the Community (BITC), an organisation that is part of the Prince of Wales’ charities was set up to “*inspire, engage, support and challenge companies on responsible business, working through four areas: Community, Environment, Marketplace and Workplace.*”, has summarized seven key areas that CSR strategies need to address.

- Purpose and Values
- Workforce

- Marketplace
- Environment
- Community
- Human rights
- Guiding principles

1.2 Road Freight and Climate change

No matter how we feel about it, road freight transport affects all of our lives, whether it is the availability of fresh produce in our local supermarket or the quality of air in urban areas. With the passing of the climate change act in 2008 the UK government has made a commitment to reduce CO₂ emissions by at least 26% before 2020 and 80% before 2050 when compared to 1990 levels. As one of the largest industrial emitters of CO₂ in the UK, the freight transport sector will be required to change its behaviour considerably. One of the consequences of 18 years of continuous economic growth is that whilst most other industries have reduced their output of CO₂ those from road freight have increased (Mackinnon 2007). Government has therefore earmarked road freight as an industry that can make a significant contribution to overall emissions goals.

Some of the reductions in emissions will come from new technologies and improved vehicle design, but these will not be sufficient to meet the industry targets (Gazzard et al 2008). Fundamental to meeting these changes will be a need to change the way businesses are managed.

- Operational practices will be driven by environmental performance
- Route and planning changes to reduce mileage and improve loading factors.

- Where practicable, consideration of modal shift. E.g. Road to Rail
- Driver training programmes to improve individual performance.

What is clear from these changes that need to take place is that there is a very strong business case to make these management and operational changes voluntarily, as these will improve operational efficiency, through reduced fuel consumption and overall costs, and perhaps provide customer intimacy (Treacy and Wiersema, 1993) through the alignment of environmental goals, and have some scope initially for product leadership.

One way of gauging the attitude of the industry to making these changes is to investigate the perceptions and actions of it with regard to Corporate Social Responsibility (CSR) to see whether it pays any more than 'lip-service' to the demands of society and government for more sustainable and ethical business.

Theoretically this investigation will give further insight into an industry that has both an uneasy relationship with the people it serves and a structure that is difficult to engage with. It will also explore the relationship between CSR and how and where this benefits the bottom line and ultimately shareholders.

The practical importance of this study will firstly give the industry a methodology of how it might undertake a self-assessment of their own processes to drive through a strategy of change within their organisation, primarily driven by economic gain but ultimately achieving the sustainability goals set for it. Secondly it may lay the foundations that inform government policy that drives behavioural change to achieve the environmental aims.

1.3 Report Structure

Section 2 provides a background to the UK road freight industry investigating its structure, current issues, how it competes, manages its customer relationships and what interventions are there available to demonstrate their CSR credentials.

Section 3 is a literature review of Corporate Social responsibility, exploring its definition, historical development, how it benefits company performance, what issues this throws up and how CSR performance might be measured.

Section 4 examines the research aims of the project with a summary review of the questions that will inform the investigation.

Section 5 looks at the methodology, data collection, and findings of the research; scrutinising such elements as the approach, selection of respondents, how the content is analysed, what form the interview process took and how the respondents breakdown demographically.

Section 6 explores the relationship between the questionnaire findings and the research aims of the report.

Section 7 Discusses and summarises the findings in the context of each of the research questions.

Section 8 Concludes the report with a discussion of the implications of the findings, the limitations of the research methodology, what further research could be undertaken, some practical advice for the industry and the authors' personal development aims

2 The UK Road Freight Industry

In order to fully understand the context of the dissertation the following industry overview will give the reader the knowledge to understand the problems facing the industry and why it may not have embraced the principles of CSR.

2.1 Industry Overview

There are two types of company that operate commercial vehicles, the first being those who own and operate their vehicles to transport their own goods known as “own account”; the second are those companies for whom transport is their core business and they own and operate vehicles to transport other people’s goods for “hire and reward”.

The UK has a mature hire and reward transport market, transport and logistics service providers such as DHL, Wincanton, CEVA, K&N and TDG lead the market with their broad and flexible offerings of transport, warehousing and supply chain solutions. (See Appendix B)

Demand for transport is derived from the demand for goods, without this demand transport would not happen. Transport adds value to the economy by providing physical availability of goods where people can use them. In today’s global economy it is an integral part of the supply chain where it provides the links between the different stages.

- 1 Raw materials to point of manufacture
- 2 Outbound from manufacturer of finished product into inbound to National or international Distribution centres
- 3 Primary transport from national to regional distribution centre
- 4 Secondary Transport from Regional Distribution Centre (RDC) to end user, could be either Business to Business (B2B) or Business to Consumer (B2C)

- 5 Reverse transport collection from end user for reuse or recycling within various stages of the supply chain.

The characteristics of stages 1 to 4 are that the unit load will reduce in size at each stage often down to an individual item at stage 4; stage 5 will reverse this characteristic. Service criteria and the need for value added activity increases from stage 1 to 4.

Stages 1 to 3 are often seen as a commodity with the main driver being the most cost effective method of transport, stage 4 & 5 are the direct interface with the end user and are clearly the points where Transport can be seen as value added. The following generic market segments are characterised below using the elements of Porters five forces model (see appendix A).

Road (Haulage) Full Trailer Load (FTL)

- Commodity product with low margin, dominated by medium to small businesses and owner operators.
- Declining need due to emergence of pallet networks and the gradual decline in UK's manufacturing base.
- Low barrier to entry.

Parcel Networks

- Commodity product earning a respectable margin dominated by large international organisations and franchised networks.
- High fixed costs, due to technology requirement to support customer service and large property infrastructure to provide geographic cover.
- Volume dependant to protect economies of scale.
- High barrier to entry

Pallet Networks

- Commodity earning a respectable margin, most are partnerships of up to 90 medium to small operators per network

- Market has matured quickly, ownership structure can impede growth
- Difficult to control, reliant upon consistent volume and partner compliance and quality standards.
- Barriers to entry high as requires invitation or buy-in.

Hybrid Networks

- This model is where an organisation has a property infrastructure that allows the facilitation of dedicated contracts with national distribution. Primary (trunking) and secondary distribution and will often be dedicated but has the opportunity to be shared; however the distribution centre management and resources will be shared.
- High barrier to entry.

Dedicated Transport

- Client specific, opportunities are where a firm decides to outsource an in-house (Own Account) operation.
- Often open book, which means low risk and subsequently low margin or fee.
- Assets under-utilised
- Low barrier to entry

Specialist Transport Services

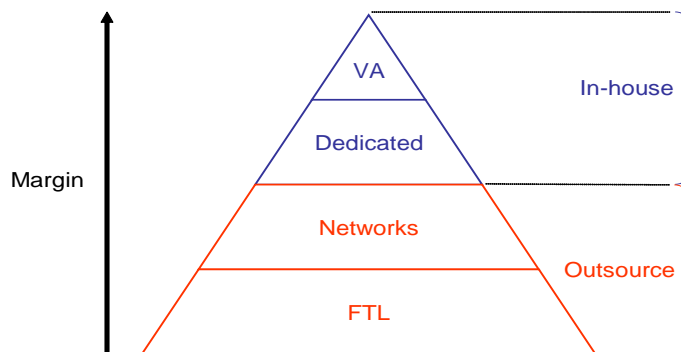
- Higher margin due to nature of business
- Value added includes product installation, training, re-engineering and reverse logistics.

4th Party Logistics (PL)/Lead Logistics Provider (Principle Contractor)

- Co-ordinator rather than provider of transport services.
- Enables clients to benefit from lowest cost leg for leg.
- Low margin as low risk.
- Low barrier to entry.
- Currently undertaken within the business for certain clients.

The transport value pyramid below shows the relationship between margin and the different segments of the Transport market.

Figure 1 The Transport value Pyramid

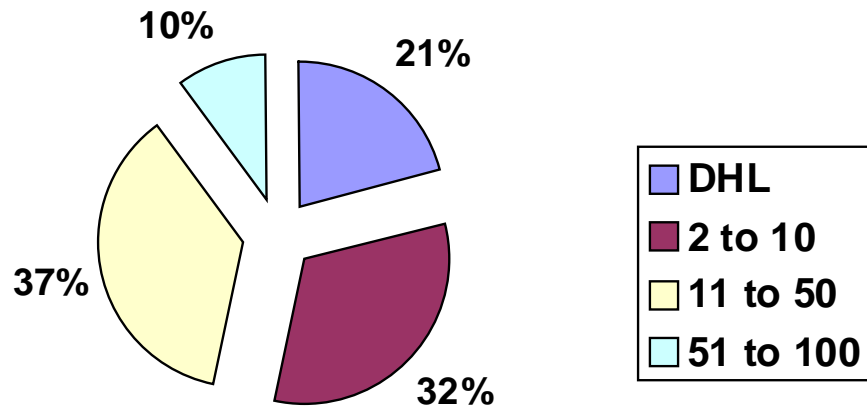


Market trends and influences

The table in appendix B shows the top 20 businesses in the hire and reward sector, these are the important points to be noted about the major companies in the market.

- The top100 have a collective turnover of £13bn
- Number 1, DHL, is 245% bigger than position 2 (Wincanton), it is 21% of the total turnover of the top 100 and is greater than the combined totals of position 2, 3, & 4.
- CEVA Logistics' 71% of its contracts are dedicated making a return on sales of 6.34%.
- Wincanton has 80% dedicated contacts at a ROS of 3.4%. Predominantly its contracts are open book and 31% of them are for terms of over 5 years.

Figure 2 Top 100 Transport Companies Share of Market



Source: www.motortransport.co.uk

Appendix C shows the impact of external influences on the road transport industry. Today the main factors affecting transport are:

- 1 Complex international trading relationships.
- 2 Population Growth.
- 3 Economic Downturn.
- 4 An increase in Strategic interference with transport
- 5 A ceaseless quest for economies of scale in transport operations
- 6 Environmental impact issues

There is continued consolidation at the top end, within the last 5 years Exel acquired Tibbett & Britten, and then merged with Deutsche Post Worldwide Networks (that already owned the DHL brand and network) and is now known as DHL Supply Chain, Kuehne & Nagel have made several

acquisitions including ACR (formerly Hays Distribution). Wincanton most recently have made 2 acquisitions.

Foreign ownership continues to be a trend as more organisations look to improve their Global reach. 40% of the top 20 (8% of the top 100) are foreign owned, representing 42% of the turnover of the top 100

The Express or parcel operators of which 8 are in the top 20 are making acceptable pre tax return on sales of circa 7%. Contract Logistics and Transport businesses in the top 20, less DHL, are making 3.61% pre tax profit. Sales growth is being achieved at the expense of margin improvement although there are exceptions to this, most notably TNT. The biggest reason for margin dilution being attributed to Customer pressure for cost down, increased fuel costs and poor mechanisms for recovering them and the financial burden from recent frequent changes in legislation and regulations.

There is also consolidation at the bottom end of the top 100 indicating that the critical mass is moving from £25m to £50m turnover, this is consistent with declining margins in a high asset based business. Haulage decline is a product of several factors being:

- The major 3PLs continue to integrate transport and warehousing as an overall service.
- The emergence of pallet networks.
- Increasing numbers of foreign vehicles looking for backhaul business at marginal rates.
- The decline in the UK manufacturing base.

The demand for logistics providers to add an increasing level of value has been mirrored by an equal desire by logistics companies to increase profit margins by moving away from commodity based activities. Hence the growth in 4pl/Lead Logistics Provider type contracts.

There is a growing trend to use consultants to undertake supply chain re-engineering and then manage the tender process to find a logistics provider or providers with the best fit, relegating companies to a commodity through the provision of rates for volumes and routes adding little value.

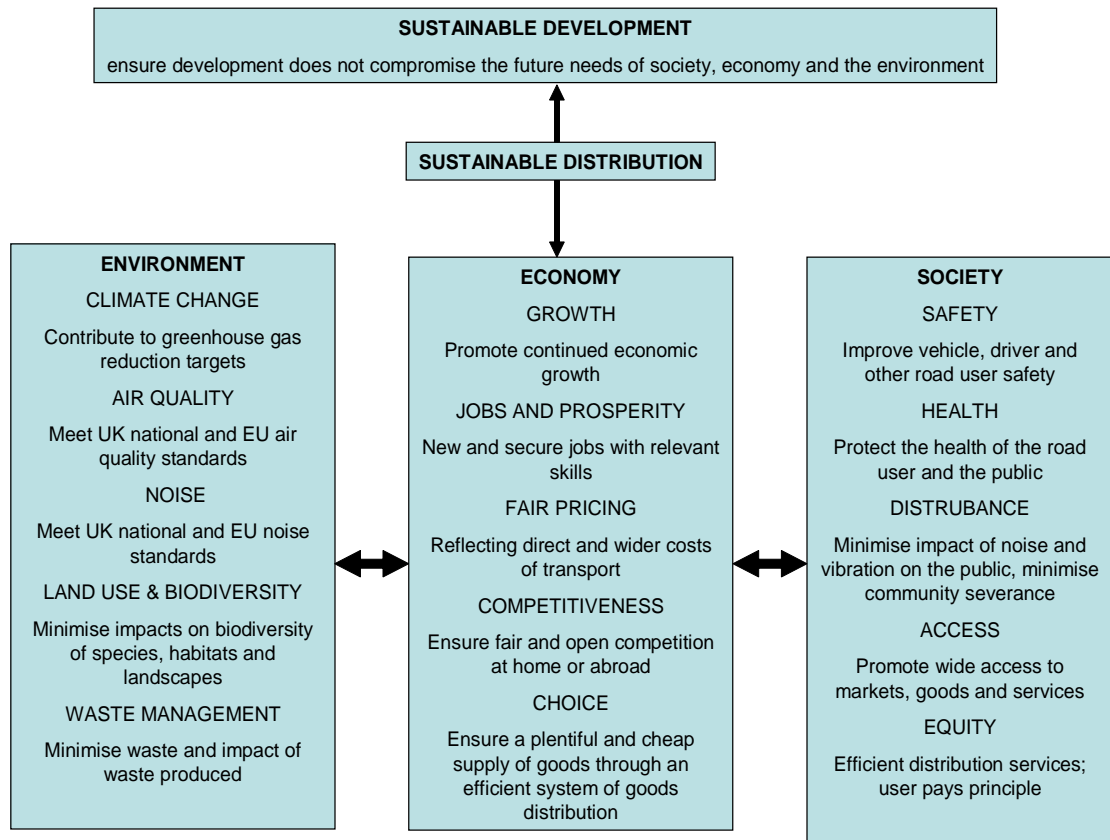
In terms of the “own account” operations some of the largest operators such as John Lewis with 750 commercial vehicles rival some of the largest 3PLs in terms of scale. They are subject to the same regulatory framework as the 3PLs and costs of operation are roughly similar. Companies that retain their operations in house do so as they feel the control they keep in terms of cost, flexibility and image are greater than the risks they take.

However the UK registrations of commercial vehicles number 500,000, even the combined fleets of the top 100 and the largest “own account” total no more than 100,000. The average number of vehicles per company after the large operators are accounted for is 5. In these types of operation the owner tends to be a driver and they operate with little or no management structure.

2.2 Sustainable Distribution

The UK Government has been working on a sustainable distribution strategy since 2003 and this has brought forth a number of initiatives to reduce the impact of road freight on both the communities it operates in through Freight Quality Partnerships and impact on the environment through the development of SAFED (Safe and fuel efficient driving) and Freight Best Practice guidance. Based on the work of Elkington (1994) on the triple bottom line of environment, economy and society the figure 3 below summarises the Department for Transport’s (DfT) approach to promoting sustainability within the road freight industry.

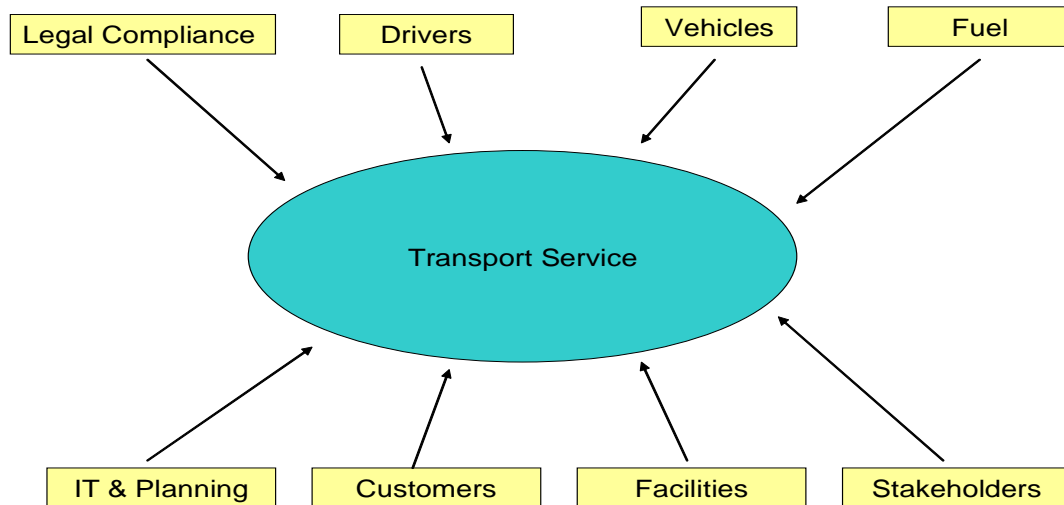
Figure 3 Sustainable Distribution (DfT 2003)



2.3 Operational Strategy

In "The Inconvenient truck" (Gazzard et al 2008), it was identified that reduction in emissions would come from new technologies and improved vehicle design. Figure 4 shows all the different inputs into a transport operation and acts as a basis for the areas that managers can direct their effort for reducing costs. However there are a multitude of operational interventions companies can implement in order to both improve financial performance as well as outwardly demonstrating a commitment to sustainability and ultimately CSR. In using all the inputs to a Transport operation each part of the process can come under scrutiny for improvements and best practices.

Figure 4 Inputs to a Transport Operation.



Adapted from: Dibb, Simpkin, Pride & Ferrell (1994)

There are a number of operational interventions that can be employed in order to increase operational efficiency.

2.3.1 Fuel

Fuel Champion

The fuel champion is a key player in an operations strategy to reduce CO₂ emissions. This is a position that requires management backing and is usually drawn from a non-management position to ensure that the position meets less resistance from the remaining workforce. The fuel champion is responsible to ensure that drivers are consistent in their data collection and whilst not responsible for the interpretation of fuel data is required to communicate results back to the workforce and implement individual improvement plans. (FBP, 2006)

Use of Alternative fuels.

There are some more practical solutions to vehicle fuel that existing technology can be adapted to use. The use of waste cooking oil as a substitute for Diesel is one example, as are Liquid Petroleum Gas (LPG) conversions that make trucks run cleaner in the urban environment

Safe and Fuel Efficient Driving (SAFED) Driver training

SAFED is a training program that has been developed specifically to enable both vehicle operators and training providers to implement driver training within the road freight industry. It provides training and development for existing HGV drivers through instruction relating to vehicle craft and road craft. (FBP, 2006)

Freight Operator Recognition Scheme (FORS) Fuel advice

Based on the Freight Best Practice Fuel Management guide FORS offers a programme based on action cards that relate to specific fuel management activities. Each one contains:

- An overview of the activity and your potential savings
- Advice on who should implement it in your company
- A number of short, medium and long-term actions
- Estimates of how long actions should take once you start a card
- Space to record your comments

The action cards provide timing and sequencing recommendations only and decode the advice given by FBP into bite size implementable chunks. (FORS 2008)

Freight Best Practice (FBP)

FBP is a Department for Transport (DfT) funded programme to promote operational efficiency and reduce environmental impact of road freight operations. FBP offers free information on topics such as saving fuel, developing skills, equipment and systems, operational efficiency and performance management. (FBP, 2006)

Freight best practice fuel management

Specific advice for fuel management developed by FBP that encompasses such concepts as the fuel champion and identifies short, medium and long term actions. (FBP 2006)

2.3.2 Legal Compliance

Annual Freight Transport Association (FTA) or Road Haulage Association (RHA) operational audits

FTA) and RHA are industry bodies that lobby on behalf of the freight industry but also offer their members consultancy services one of which is an annual audit. These are voluntary and cost upwards of £900. (FTA & RHA)

Freight Operators Recognition Scheme (FORS) Membership

The Freight Operators Recognition Scheme has been developed by Transport for London (TfL) as part of its Sustainable Freight Plan. The scheme is free and open to any company running vans or lorries in London. It offers members practical advice and guidance that can reduce fuel consumption and manage Penalty Charge notices. Membership levels are determined by an initial free external assessment of legal compliance; further

levels are attained by participating in benchmarking and improving either environmental, safety or Penalty charge performance. (FORS 2008)

2.3.3 Stakeholder Management

ISO 14001

A company meeting the requirements of ISO 14001:2004 is a management tool enabling an organization of any size or type to:

- Identify and control the environmental impact of its activities, products or services, and to
- Improve its environmental performance continually.
- Implement a systematic approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved. (ISO, 2004)

Voluntary benchmarking

Both FORS and the DfT are running voluntary benchmarking systems where operators are invited to upload fuel and other operational data into a reporting system that enables direct comparison with other companies in the same sector. All data remains anonymous but it enables companies to gauge their relative performance and identify area for improvement. (FORS 2008)

Green 500

Green500 is one of a number of London Development Agency (LDA) initiatives, including Better Buildings Partnership, which aims to reduce the capital's CO₂ emissions. The aim of Green500 is to enlist some of London's

largest and most prestigious organisations, and mentor them through their carbon reduction commitments. Notable Freight related companies that have signed up are Marks & Spencer, Prêt a Manger, TNT, DHL and Addison Lee. (LDA, 2009)

2.3.4 Vehicle Developments and Technology

Electric vehicles

Whilst not yet practical in terms of range for most freight journeys there are particular urban operations where electric vehicles offer a suitable alternative to diesel power. However the technology is in its infancy relative to the internal combustion engine and initial investment is heavy which puts many operators off using them.

LEZ compliance

The London Low Emission Zone (LEZ) is now in operation. The aim of the scheme is to improve air quality in the city by deterring the most polluting vehicles from driving in the area.

The vehicles affected by the LEZ are older diesel-engined lorries, buses, coaches, large vans, minibuses and other heavy vehicles that are derived from lorries and vans, such as motor caravans and motorised horse boxes. (TFL 2008)

Consolidation

Consolidation is where more than one customer's goods are grouped together for delivery to a single address. This is an automatic result of the systems employed by parcel and pallet networks but is more difficult to achieve in a dedicated contract environment. There have recently been examples of cities setting up consolidation centres on their outskirts in order to reduce the number of commercial vehicle movements in congested

centres such as Norwich and the TfL sponsored Regent Street consolidation centres. (TfL 2009)

2.3.5 Drivers

Driver Profiling

Poor driver behaviour contributes to over 90 per cent of vehicle crashes, up to 33 per cent of fuel consumption (FORS 2009) Driver standards and behaviour can be managed and improved with automated driver coaching services that helps reduce the risk of accidents and cut the cost associated with them. This technology is a real time automated driver coaching that incorporates web-based applications that rate driving skills and behaviour. It measures and analyses manoeuvres that most affect safe driving, fuel efficiency and emissions, providing driver-specific feedback and motivating drivers to change their behaviour. These are often backed up with an in cab device in the form of a simple red-yellow-green display that encourages drivers to sustain behaviour improvements.

The system gives fleet managers and risk and safety professional's knowledge of driving behaviour and the tools they need to help their drivers achieve specific safety and fuel-efficiency goals.

DVLA driver licence checking

The law states that employers are responsible for ensuring that those who drive their vehicles are legally entitled to do so. Working through independent service providers DVLA (Driver and Vehicle Licencing Agency) gives access to its Driver Licence database to provide the licence checks. This gives employers confidence that the driving licence they have been given is the most up to date and that the employee concerned is legally entitled to be driving. (FORS 2008)

FORS PCN Toolkit

A Penalty Charge Notice (PCN) is issued for a parking or driving offence and imposes a financial penalty on the vehicle owner. It shows the vehicle details, location, date and time where the offence took place, and the charge amount.

PCNs are issued by civil enforcement officers or police officers. Often they are automatically sent to the vehicle owner, if the alleged offence is captured on CCTV.

The FORS PCN Toolkit is an advice programme to help operators reduce the number of PCNs received and minimise the impact that dealing with them can have on a business. (FORS 2008)

This is a comprehensive but by no means exhaustive list of the interventions a company can make. If properly managed and implemented a strategy that involves some of the above should have an immediate effect on a company's bottom line as well as providing the necessary data and reporting for CSR.

3 Literature Review

3.1 Understanding the concept of Corporate Social Responsibility (CSR)

3.1.1 People before Profit?

CSR is not a new concept, it has been developing since the earliest economic theories, Smith (1776) explained that managers, through the running of a profitable company, did society some good through the payment of wages. This must be recognised as fundamental to further examination of CSR. Smith went on to say that the market is guided by an 'invisible Hand' that allocates resources efficiently and in so doing serves the public good. Smith's further contribution to the CSR debate is that enterprises exist as a result of self interest rather than benevolence, and this is a good thing as self interest, unlike benevolence, is limitless.

If we fast-forward 200 years through to more recent times, taking account of the actions of the Salt, Cadbury and Lewis families along the way we arrive at the thoughts of one of the pre-eminent economists of his time and the statement that launches the whole CSR debate.

If businessmen do have a social responsibility, other than making maximum profits for stockholders, how are they to know what it is? Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stakeholders as possible. (Friedman 1970)

However Friedman was not a young man at this point in time and whose reaction was out of touch with the social revolution whose seeds were sown firstly in the anti-nuclear movement of the late 50s and the environmental movements of the late 60s and early 70s. It could be said that he made the statement in order to keep some sense of perspective on why companies exist.

Thompson (2004) argues that the rise of activists who spotlight aspects of corporate behaviour aided by the rise of 24 hour news media that gives corporate wrong doing a high profile, has led to companies introducing CSR programmes in order to counter the damage inflicted on them. Changing social attitudes to profit generation mean that it is no longer appropriate for companies merely to make a profit; activists scrutinise all aspects of a business's market behaviour, trade policies, and employment relations, sourcing of raw materials, human rights and environmental impact. Any exploitative behaviour can become an issue through the media and other activities in order to force a change in policy.

Corporate legitimacy is based on trust and reputation, provided through the outward communication of corporate responsibility enabling judgement of its actions to provide trust and reputation. Therefore corporate responsibility is the building block of reputation (Rayman-Bacchus 2004).

Hancock (2005) argues that the concept of the corporate citizen has its origins in the 19th Century tradition of corporate philanthropy and paternalism that has evolved into the following.

- Staff need to feel aligned with aims, objectives and behaviour of employer.
- Active citizens and companies want to make more than a solely economic contribution.
- Those clearly committed to ethical behaviour perform better financially than those lacking such a commitment.

Hancock goes on to contend that corporate activity in this field has moved from passive charitable giving to active involvement in projects such as Grand Met setting up 'Tomorrows People' in 1985 as a response to high levels of unemployment and skills mismatch. The transition in thinking is best identified by the following two statements.

I think many people assume, wrongly, that a company exists simply to make money...A group of people get together and exist as an institution that we call a company so that... they make a contribution to society, a phrase that sounds trite but is fundamental. David Packard, co-founder of Hewlett-Packard (Hendy 2003)

CSR is the management of an organisations total impact on its immediate stakeholders and upon the society within which it operates...it is about the integrity with which a company governs itself, fulfils its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities. (Griffiths 2005)

These two definitions of CSR show the development of the discipline over the past 39 years. Rayman-Baccus, (2004) criticised Freidmans initial thoughts on the subject by stating that *an important flaw with the free market economic model is that it does not recognise the limits to exploitable resources or the cumulative effects industrial activity on the natural and social environment. Moreover, Freidman's constraints on business (No coercion, no deceit and no fraud) do not appear to recognise these limits.*

Rayman-Baccus, (2004) then goes on to state that the power of the corporation is evolving and: *we have become subjects of the body corporate, whom we rely on for all our needs, both economic and welfare. The new managerial paradigm rests on the belief that the body corporate is the best guarantor of the individual's prosperity and well being. Social policy is increasingly shaped by the body corporate and its managerial rationality.*

However since the start of the current banking crisis corporate philanthropy may be wearing a little thin and we may see things going full circle with the state concentrating on the division of benefits and corporations making profits.

Summary: These concepts are broadly based on the actions of large corporations that have the management time, resources and inclination to develop sophisticated CSR programmes and which receive a substantial financial benefit for doing so. Although there are some large companies in the road freight sector the majority of the companies are small and lack the management resources to implement even the most basic of programmes.

3.1.2 Internalising the External costs

Road freight is an industry with many external costs such as CO2 emissions, road wear and tear, noise, disruption and inconvenience to other road users. Although many in the industry would argue that these external costs are covered through taxation, such as fuel duty and road fund licence, there could be an argument that the overall impact is much greater than that.

Heal (2008) has concluded that capitalism as we knew it from 1950s to the end of the 20th century was massively successful at generating income and economic growth, but often at the expense of the natural environment and sometimes at the expense of the underprivileged. He went on to say that these external costs, costs of an activity that are paid for by other people, are not of their choosing and is of no benefit to them. Therefore In economic terms CSR is where a company seeks to internalise an external cost. e.g. Dow chemical company cut back on all sources by which it could loose chemicals to the environment, thereby moving to avoid conflicts with society, increasing goodwill and brand equity as a result.

Heal goes on to say that the same applies in the field of business ethics. Enterprise risk management manages the non financial risks of the organisation, where reputation, consumer boycott, brand value are all risks that need consideration. In extreme cases unethical behaviour can lead to the rapid demise of an organisation such as the cases of Enron, World com and Arthur Anderson. Indeed the risk of bad press, as in Nike and the

exploitation of child labour in the third world that was at first denied and then proved to be true and the misrepresentations by Greenpeace of Shell's proposed sinking of the redundant Brent Spa oil platform and its environmental effects, that have led to the growth of visible and transparent social responsibility programmes. Corporations see these as a way of propagating a competitive advantage for any of the following reasons.

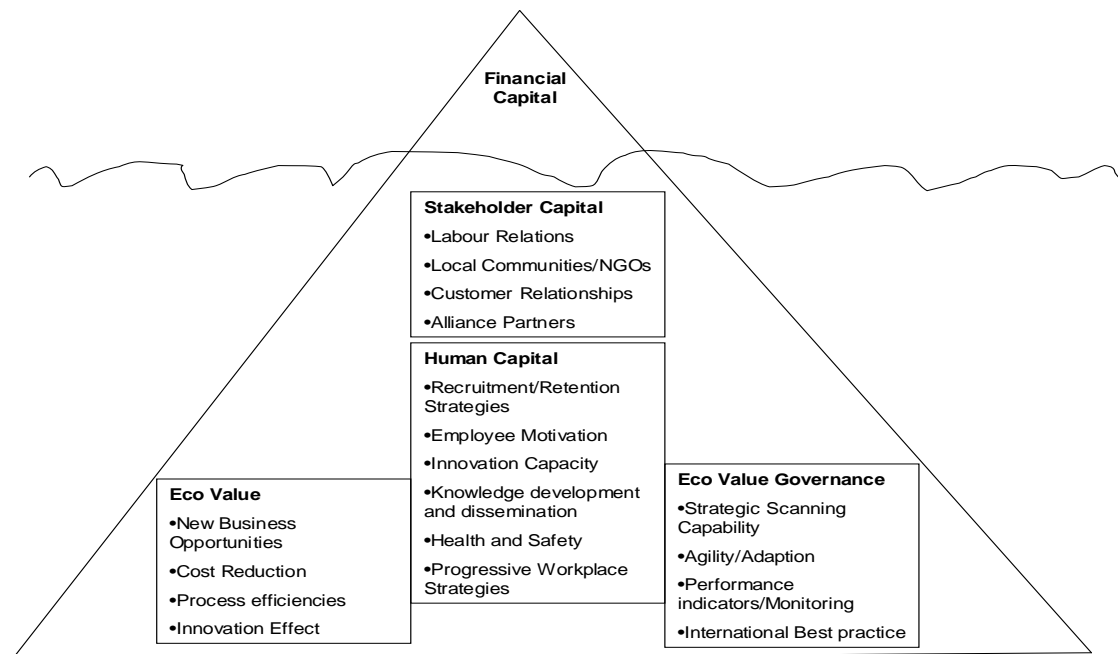
- Consumer discrimination in favour of responsible traders.
- Minimisation of litigation risk, potential of the corporation for social liabilities such as an environmental clean up after many years.
- Operational cost savings as a result of waste reduction, BP made \$630m per annum savings in operating costs through a green house gas reduction program should lead companies to actively seek the savings available from better management of materials, processes through focusing on environmental impacts.
- Regulatory Protection, regulators are influenced by those companies that have a strong reputation for Socially Responsible behaviour as it will be greeted more favourably than one that doesn't.
- Brand Equity, Socially responsible behaviour may help consumers discriminate between products of similar cost and technology.
- Employee productivity, employees dislike having to justify company behaviour and like to work for companies with a positive social image. For example paying more than the market rate to employees may boost output by more than it boosts costs.

However this then brings the argument back to the self interest that was referred to in the opening paragraph and Friedman's maximisation of profits/shareholder value, this being the relationship between stock value and CSR. Heal states that stock value may be more sustained in companies that internalise the social costs of their operations over a longer period due to:

- Future payments of external costs being treated as a liability.
- Cost of Law suits (especially in the USA.)
- Consumer boycott as a result of bad press.
- Regulatory intervention that may affect future profits.

This has led to the growth of Socially Responsible Investment funds (SRI) that only invest in companies that have high social and environmental performance ratings. At present 10% of investment funds in USA come from SRIs. This is best explained by the Iceberg Balance Sheet (Figure 5) that shows the intangible value of the firm. The underlying thinking here is that 80% of a company's true value cannot be explained by traditional accounting securities analysis. In short by focusing on leading Key Performance Indicators (KPIs) rather than trailing ones the unseen part of the iceberg contains the primary drivers of the company's future value. By managing CSR drivers effectively to create competitive advantage, reinforcing brand equity boosting profit and shareholder value. (Heal 2008)

Figure 5 The Iceberg Balance sheet



Summary: The road freight industry relationships are predominantly business to business as consumers of the service, however it also interacts with the final consumers of the products it carries as it shares the road space with private cars. The adoption of efficiency measures to counteract some of the external costs would align the industry with the needs of service consumers in terms of costs and could provide for better relationships with other road users.

3.1.3 Regulatory CSR

Governments seek to influence corporate policy through regulatory reform either as a reaction to some abuse of the environment or as a passive action to guide organisations towards adopting certain policies. One such example of this were the changes to the Pensions Act in 2000, which required trustees of occupational pension funds to state the extent to which they take social, environmental and ethical issues into account when making investment decisions. At a stroke this made the bulk of investment funds in the UK de facto SRIs, thus making CSR crucial to organisations looking to attract investment funds. Cook (2003) sees this as movement beyond the days when all you needed was corporate philanthropy and handouts of money to the community as a demonstration of CSR. Businesses must take account of their wider responsibilities to society, without this they're unlikely to be sustainable in the long term, with the best companies not just protecting their backside but seeing CSR as a vehicle with which to explore new opportunities.

Summary: The road freight industry is highly regulated in terms of driver's hours, health and safety and vehicle maintenance. Adopting a CSR policy and management framework may ensure that a better level of compliance is being met.

3.1.4 Reputational CSR

Henry Ford once said that you can't build a reputation on what you are going to do, Fombrun (1996) states that reputational advantage is something that is built up over time through actions not words. As a result of growing interest in CSR policies 'standard setting' has become a rapidly growing industry in its own right. The more widely accepted the label or standard the more a company can claim legitimately in compliance with the prevailing 'Best Practice'. The more useful the standard the better it is at both reducing exposure to reputational risk from NGO activists but also in differentiating product from one to another company. (Frombrun 2006)

Summary: Relationships within the industry are such that each company has its favoured suppliers, and that will be based on reputation. Reputation is built on past performance, not just in terms of whether the delivery was made on time; it can be down to telephone manner or the state of the vehicles or professionalism of the drivers.

3.2 Measuring CSR

Examines methods of assessment of CSR taking account of corporate and individual attitudes and success of CSR programmes.

3.2.1 Frameworks for Comparison

Peters (2005) contends that social responsibility is free, good capitalism can coexist with CSR and through his 10 C's of CSR a framework of comparison between different players in the same industry can be developed. The aim here would be to compare each of companies main competitors against the criteria set out below in order to define industry attitude and success.

1 Customers- be customer orientated, audit promises and come down hard on those who break them. Being dishonest is not pragmatic business practice, businesses do not sustain on duplicity or rip offs.

2 Capability- Customers and employees are sensitive to value promises broken. Organisations that stick to a set of values survive and prosper (Collins and Porras 1994) Do not set up for what you are incapable of delivering without a solid plan to create capability.

3 Consumption – Consuming less costs less, protecting the organisation from waste is the same as protection from fraud or thieves. Put someone in charge of it and manage it. Money saved can be used for other purposes that add value to the company or its employees.

4 Campaigners – Protect reputation and focus on the future, not enough to be just obeying orders, align policies with environmental groups and other lobby groups, expose them to any groups who can give them a good workover so that they can be challenged and made more relevant.

5 Citizenship – Community care is good PR, show you are a good citizen contribute to the communities you operate within and where your staff are from.

6 Core Values – Shoddiness is not tolerated in products or services and should not be tolerated in how values are lived. Make values implicit by linking them to strategy and integrate how well those values are lived up to through the reward structure (see Hutt 1994)

7 Culture – Manage diversity of workforce, do not treat women, ethnic minorities and the disabled poorly, you will be found out, end up in court, become involved in a time wasting damage limitation exercise, lose customers and damage the net worth of your organisation. Employees touch customers in all sorts of ways, train and educate them as they will say

far more about your organisation than all the policy statements and advertising.

8 Compassion – The hard headed may screw suppliers to the ground, shop around a lot and drop them when they slip up. That way you maximise profit and shareholder value. Strategic partnerships are a perfect example of good capitalism being good social responsibility. Help others to give you good service, share good fortunes and create wealth.

9 Compliance – Conformance to regulations and social norms. Be transparent, do not hide behind confidential memos and keep all policy documents and records in the public domain. Evading environmental and safety regulations send the wrong message. You'll be found out and won't be able to keep the right kind of staff, customers or type of business.

10 Continuity – Profits not turnover, the Good Samaritan was only able to help as he had some money to help with. Profits are the breath of business, without profits the business will die. Work defines people's lives and as an employer you can give or withdraw work. Treat that power with respect and don't fail in your business.

3.2.2 Stakeholder relationships

The Trust Relations matrix (Figure 6 below) adapted from Mendelow (1991) helps to highlight the differentiated nature of trust relations; it may overstate the homogeneity of stakeholder interests, but could serve as a way of grouping different parts of the industry and their attitudes to CSR.

Figure 6 Trust Relations Matrix

Interest	Hi	Neutral	Active Trust
	Low	Fatalistic	Active Distrust
		Weak	Strong
		Influence	

Source: Adapted from Mendelow (1991) from Rayman-Baccus, (2004)

Active trust: Corporate executive group, senior managers, Lenders, major creditors, who play or seek an active role in shaping the outcomes or processes of the corporation.

Neutral: Institutional Shareholders, Government. Possess strong influence but minimal direct interest. Interest could be raised due to a change in circumstances that could lead to a more active role in the corporate governance structure.

Active Distrust: Community Groups, a weak influence but a keen interest in the corporations activity. Local environment pressure groups or social irresponsibility/unethical behaviour by the corporation.

Fatalistic: They share a minimal or no interest in the corporate activity and have no influence over such activity.

3.2.3 Assessing Attitude

Some studies into environmental sustainability have categorised the various states of denial that could be held by individuals and may help us to categorise corporate attitudes later in the study.

Rose (2007) places the deniers of Climate Change into 8 different categories.

1. **Uninformed Deniers**, those who believe that it is impossible to change Gods design, they may be simply ignorant and wish to remain so as they think this means they will not have to change.
2. **The Indifferent**, mainly those who offer glib reactions to world climate events such as “I’m glad I don’t live in Bangladesh”
3. **Doubters**, those sceptical about whether an unequivocal climate change signal has been detected and cling to the possibility that the scientists have got it all wrong.
4. **Re-assigners**, those that re-assign the cause of climate change to anything other than human activity, like sun spots.
5. **Deflectors**, who believe it is real, may well be down to human activity, but it’s not their responsibility.
6. **Feasibility Sceptics**, accept the collective responsibility for the changes taking place but are unimpressed with the options offered to them and need to be sure that something will work before they try it.
7. **Cynics and reasoned doubters**, who support small government and believe that government, is always trying to intervene into people’s lives and if it were a real threat then the market would have provided a solution.
8. **Despairers**, those who have totally bought into this concept, and done all they could to reduce their individual impact, but have realised the enormity of the task and have had one of two reactions to it.
 - a. Given up on a low carbon life.
 - b. Are living it up while they can with no regard to the consequences for the planet.

The point of this is that it demonstrates how people react to bad news in different ways and require a communications strategy which has tactics to shift them to a more positive frame of mind. The link to CSR therefore being that it enables customers to see the company in a positive frame of mind providing some sort of value congruence.

3.2.4 Research from other industries

The Managing Sustainable Construction (MaSC) Matrix (see table 1 below), developed in 2002 by Building Research Establishment (nCrisp 2003) in order to promote sustainable activity within the construction industry is applicable in any assessment activity. By using the MaSC matrix to gauge a company's progress on sustainability, and compare it against the industry as a whole by mapping progress through:

1. Considering each column in turn, mark with a cross the box which best describes where you think you are currently located.
2. Join the crosses in each column to produce your current profile.

Table 1 Masc Matrix

Level	Strategy	Responsibility	Planning	Communication	Implementation	Auditing
5	Published policy with targets, reviews and active commitment	Fully integrated into general management	Outcomes regularly reviewed against annual plan	Comprehensive internal and external communication and training	Procedures and benchmarking promoted and updated	Company-wide audit scheme linked to review of annual plan
4	Internal statement with some targets	Clear delegation and accountability	Formal planning throughout the business	Comprehensive internal communication and training	Formal procedures with routine benchmarking	All aspects of business audited with some follow-up
3	Written statement without targets	Delegated responsibility but authority unclear	Formal planning in some parts of the business	Piecemeal internal communication and training	Formal procedures without benchmarking	Most aspects of business audited with some follow-up
2	Informal guidelines	Some informal support	Ad-hoc planning in some parts of the business	Ad-hoc awareness raising	Informal ad-hoc procedures	Ad-hoc audits with little follow-up
1	No written policy	No-one responsible	No integration into business planning	No awareness or internal dialogue	Compliance with regulated issues only	No management audits of performance

3.3 CSR Summary

There is no one definition of CSR and how to make an assessment of it. To the cynic CSR is no more than a clever marketing ploy to suck in unwitting customers or investors, make them part with their money under some premise that they have taken the moral high ground serving only the self interest of the company and its shareholders. To those less sceptic the growth of CSR is a demonstration of corporations and business finally waking up to their role within society in delivering prosperity and general well being. Peters (2005) states that good capitalism can be socially responsible but that CSR will not sustain unless:

1. It has a capitalist imperative, i.e. shown to make good business sense.

2. It is well controlled by corporate governance processes. Bad ethics deter customers and employees, and are likely to be penalised in the market place as poor profit performers.
3. It is well communicated. Organisations must look at the external message they send out through their action. Employ the same processes as for quality improvement, by measuring and auditing the reaction to the message.

4. Research Aims

A number of research themes have been identified as a result of the literature review. One of the largest gaps identified is the lack of data from the road freight industry. The aim of the research is to analyse CSR drilling down from the general understandings of it in the business environment and how the road freight has embraced it, implemented it or ignored it.

To answer the overall aim of the project the following questions have been identified.

4.1 What understanding do transport companies have of CSR?

Typically road freight companies have a very limited view of CSR; this question is an effort to understand the breadth of their understanding that it is broader than just sustainable development and environmental issues. The belief that CSR can encompass issues such as employee rights, work-life balance, corporate governance, business ethics and community responsibility. Therefore this question requires the author to get an overview of different perceptions of corporate responsibility.

4.2 What impact, if any, has CSR had on business performance, with reference to business growth and profitability as well as intangible measures such as recruitment, brand and reputation?

Cost and benefit, when valuing CSR companies turn to financial measures, this type of performance being easily measures and compared. It does however provide a very one sided view of the concept, but it provides the “self interest” element. The author will seek to find out whether investment in CSR has provided tangible financial returns in terms of turnover of profitability and whether this has had a beneficial effect on intangible measures such as an enhanced brand or reputation and recruitment? This is an underlying issue between CSR advocates and detractors in the literature.

4.3 Do transport companies actually implement and monitor their CSR initiatives or do they just talk them up to win work?

With companies being judged on their non-economic as well as financial success, there is a common theme riding through the CSR literature, which through CSR a business is able to control its exposure to risk and staff motivation.

Rarely does unacceptable business activity go unnoticed and it has been shown that a failure of a company to perform in an acceptable fashion is likely to cause a backlash in the form of a loss of sales, reputation, trust and in its most dramatic form a boycott.

4.4 What frameworks are there to measure the relative level of progress achieved by the industry?

The profile of CSR has been constantly raised over the past few years, the aim here is to find out whether this has filtered down to the road freight industry. Evidence from other industries suggests that the early adopters of CSR measures tend to be the large players as a strategy that delight potential customers, and through time these then become qualifiers and therefore the norm. Those companies that fail to follow the leaders will eventually find that they are unable to compete except at the very bottom of the market. Research from the construction industry (MaSC 2003) has provided a matrix that will measure the relative level of progress in the industry.

4.5 What is the future for CSR in the transport industry?

Finally, what does the future hold for CSR in the Road Freight industry, is it here to stay or just a fad, dreamed up by business or consultants; what are the opinions of the industry and how are they preparing themselves?

5.0 Methodology, Data Collection and Demographics

5.1 Research approach

To enable the researcher to build a theory on the behaviour of the road freight industry towards CSR and due to the lack of data from the road freight industry it was decided to go undertake some primary research that comes from interpreting the responses from individual's who have responded to a questionnaire. The structured questionnaire was decided upon as it provides a greater response rate and enables the researcher to cover a greater proportion of the industry rather than a few face to face semi-structured interviews.

Due to the lack of secondary data, the research questions are founded upon existing literature to provide a framework upon which the research findings will be based (Marshall and Rossman 1999)

5.2 The Questionnaire process.

A questionnaire was developed (Appendix D) in order to find the answers to the research aims, this approach was chosen over face to face interviews due to the author's desire to reach more respondents to get a larger sample on which to base conclusions.

By adopting the approach set out by Kvale (1996) the questions were *content mapped*, where questions were selected to open up the research subject and respondents were then asked whether they agreed or disagreed with comments as they applied to their own organisation.

The questionnaire was designed along the lines of Arthur and Nazroo (2003) where respondents are eased into the process with some simple topics. Once initial demographic and organisational questions were answered a

simple comment or paragraph was sought from the respondent on their understanding of CSR and how this relates to the road freight industry.

Then follows a series of questions related to the organisation from that take the respondent on a journey from high level sustainability aims related to government definitions through to how CSR is managed, where they place their organisation on the MAsc matrix, what effect the measures taken have had on the bottom line and what short, medium and long term aims the organisation has for CSR.

The questionnaire was tested on a pilot audience of transport managers attending a FORS safety seminar in November 2009. A total of 20 people filled out a paper based version, which was then refined to its final on-line version that was hosted through the University of Reading TELEform web questionnaire service.

5.3 Participants selection

The questionnaire was held online and a link to it was e-mailed to the following sets of companies.

- 1) Members of the TFL Freight Operator Recognition Scheme.
- 2) Members of the Pallet Networks, Palletline, Pallex and TPN.
- 3) Companies with "Freight" in their name, those were not included in the classes above.

In total some (300) e-mails were sent out, and 50 responses were received back.

5.4 Content Analysis

Content analysis is summarised by Spencer, Richie and O'Connor (2004) from work done by Berelson (1952) and Robson (2002) as:

“...in which both the content and context of documents are analysed: themes are identified, with the researcher focusing on the way the theme is treated or presented and the frequency of its occurrence.”

A general overview of the subject is contained in the literature review. This element of the research aims to look at the comments made to answer certain parts of the questionnaire. This will enable a more in depth understanding of what the industry perceives CSR to be and how different organisations go about tackling it as only actual responses will be used for analysis.

In order to identify themes for each short answer the frequency of key words relating to CSR used by respondents was quantified in terms of their position in the company, their company industry sector and company size. These key words and phrases were selected from the literature review

To clarify the findings the following coding rules were established.

- 1) Words were not double counted if they occurred in the responses as a single word and then as part of a word phrase, e.g. “Environment” and “Environmental Impact” would be counted as the word itself and the word phrase.
- 2) Derivatives of words were rounded up and counted as one word, such as “profit, profits and profitability”

These rules were applied consistently in order to ensure the validity of the findings. The above analysis can then be compared to the response to the questions where a preference has to be stated, the aim of which is to look for

inconsistencies between the written answers and the preferences in order to draw conclusions for the research aims.

Each of the Key words or phases has been counted by management level, business size and industry sector. This gives the researcher an insight into where the industry is being led from and whether any of each of these categories is showing a different emphasis to CSR compared to the others.

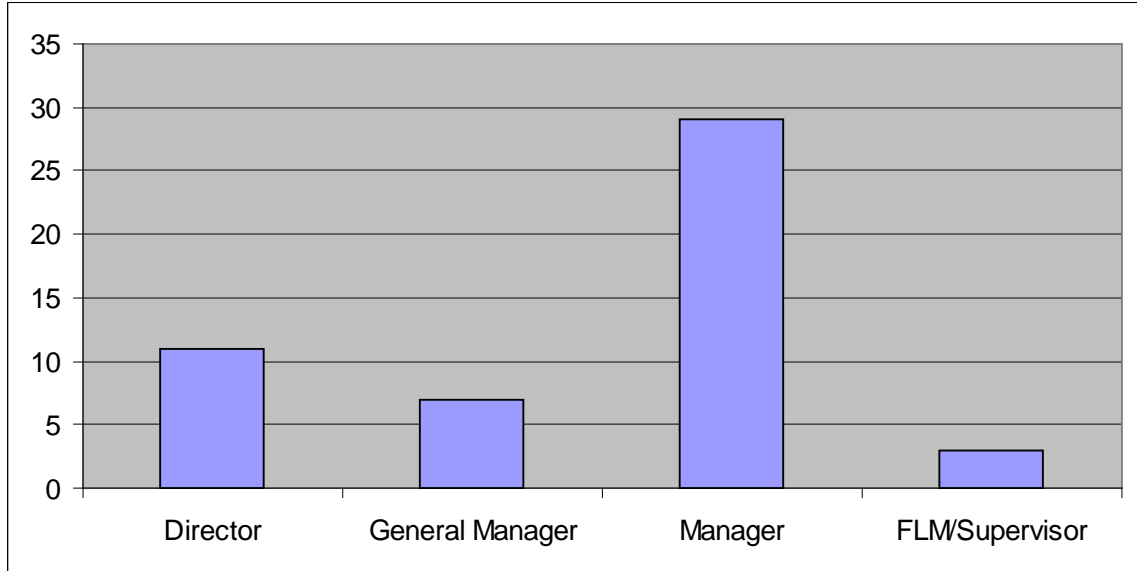
5.5 Demographic Breakdown of the respondents.

Of the e-mailed TELEform links sent out a total of 50 people responded by filling out the questionnaire. The demographic questions asked in the questionnaire were related to the position of the respondent in the company, the sector that the company operates in, and company details, number of employees, depots and vehicles either greater than 3.5t GVW or under 3.5t GVW.

5.5.1 Management Level of Respondents

The management level of all the respondents was at department manager or general manager level, with some directors and First line managers as shown in figure 7 below.

Figure 7 Management levels of Respondents

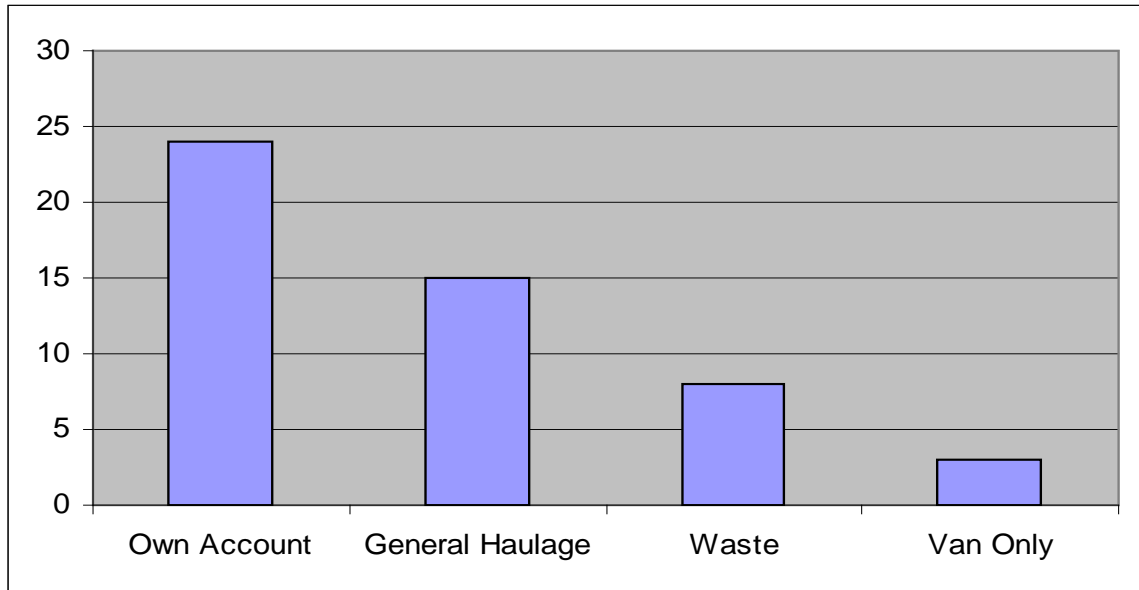


This is significant as it will enable the researcher to determine the differences between the answers of the different management levels. The answers of the Manager level respondents will also define how company CSR policy has filtered down through organisations as it will be at this level that the difference to company performance will be implemented.

5.5.2 Industry Sector

The Majority of the respondents are Own account operators, those organisations that transport their own goods. General Haulage operators made up just under a third of the respondents and waste operators a sixth. Of the 50 respondents only 3 operated only vans.

Figure 8 Industry Sector of Respondents

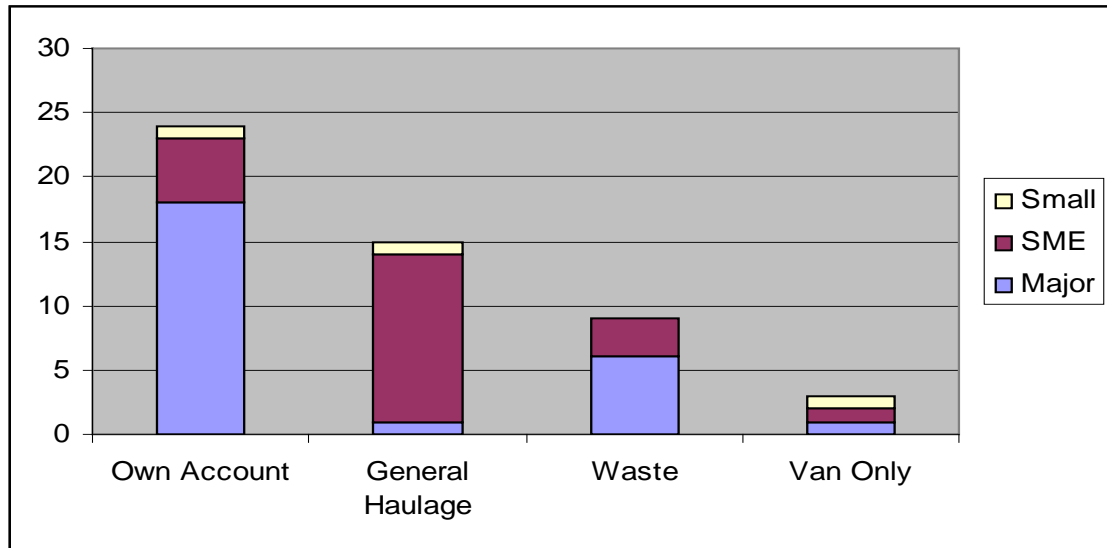


The attitudes of own account operators will be significant as they will be part of larger organisations whose main business is not transport operations and so their attitude to CSR may be different to those companies where the main business is transport of other peoples goods.

5.5.3 Company size

Respondents were asked to classify their company size by number of employees. The majority of respondents in the Own Account and Waste sectors come from Major companies with more than 250 employees whereas the General Haulage sector respondents were predominately from the SME sector.

Figure 9 Industry Sector by company size.

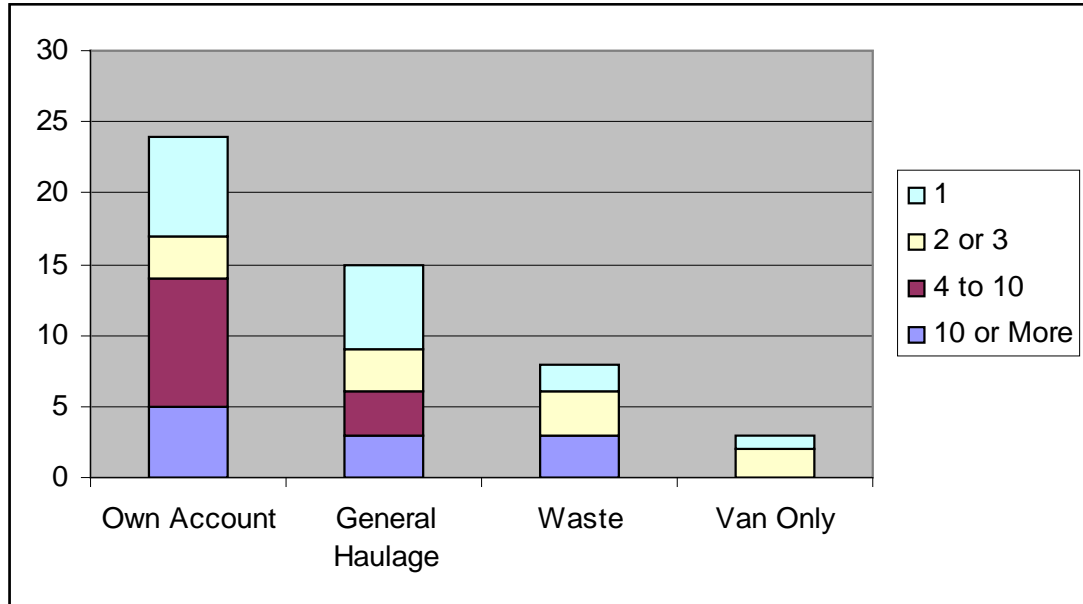


This will enable the researcher to contrast attitudes to CSR between companies of a similar size both within and in-between industry sectors.

5.5.4 Depots by industry Sector

Of the 50 respondents just under one third were single depot operations of these the Own account and General Haulage sectors accounted for 14 of the 16 operations indicating that these would be regional type operations relying on collaboration in order to provide a national service. The unregulated sector below 3.5 tonnes rely less on multiple depot operations as there is no requirement for an operating centre for these types of vehicle and as such the van operators have fewer depots. (see figure 10 below)

Figure 10 Depots by Industry Sector



5.5.5 Vehicles

Vehicles are split by type, greater than 3.5 t GVW and less than 3.5 t GVW in order to differentiate between the regulated and unregulated sectors of the road freight industry. Although with such a small proportion of van only operators any difference in attitudes will be worthy of comment but may not be representative of the industry as a whole.

5.6 Conclusion

The demographic results of the respondents show that there is a cross over of roles between the Own Account and General Haulage sectors and that these responses were predominately from those at a manager level. This will further strengthen any conclusions as it is at this level that company tactics for CSR will be implemented and measured, so a low impact will demonstrate a lack of communication on the issues from higher levels of management.

6.0 Findings

6.1 What understanding do transport companies have of CSR?

When analysing this question each of the key words or phases has been counted by management level, business size and industry sector (appendix E). This gives the researcher an insight into where the industry is being led from and whether any of each of these categories is showing a different emphasis to CSR compared to the others.

The most highly ranked word or phase was environmental and environmental impact followed by sustainability which suggests that companies are using CSR to drive their “green” credentials. Employees rank third, with society and positive impact fourth, where respondents are linking CSR to companies maintaining a positive relationship with its stakeholders.

Ranked fifth are phases that include corporate culture, responsibility and local community where respondents are demonstrating a deeper knowledge of CSR and how companies interact at a local level within the communities they operate in. Customers also occur in this rank which is suggesting that some companies look to use CSR to align themselves with the attitudes of those to which they sell.

Lower down the rankings some of the highlights include operational efficiency, continuous improvement, compliance and regulations; here it can be seen that companies use CSR as a way of improving their operational performance. However it must be noted that the difference between the top ranked words and the bottom is 20 to 1, meaning that the occurrence of the lower ranked could be further broken down into concepts in order to filter out “company language”.

In Appendix E it can be seen that the usages of some of the key words are common across all employment levels in terms of sustainability and environmental impact. Managers (table 1 appendix E) seem to have a

broader spread of the issues within CSR and in contrast with the directors see it as a driver of operational efficiency and compliance whereas directors see it as a business tool that provides employee engagement. First Line Managers (FLM) have a similar view to managers and see CSR as a driver for compliance and operational efficiency, but interestingly it was only in this category where corporate citizenship and business stability were raised.

In table 2 Appendix E it can be seen that both the Majors and the SMEs have similar profiles in terms of the words and phrases, where there is a difference is that the SMEs see CSR as a way of competing, and key words used by them include competitive advantage and financial, whereas majors are using key words such as business stability and corporate citizenship. This shows that there has been some sort of osmosis taking place where the larger companies have taken a lead in CSR and the smaller ones have had to make a change in order to remain competitive. With only a limited number of small companies in the sample it can be seen that they have recognised the higher level concepts of the environment and sustainability but have made no mention of competition, employees or financial considerations.

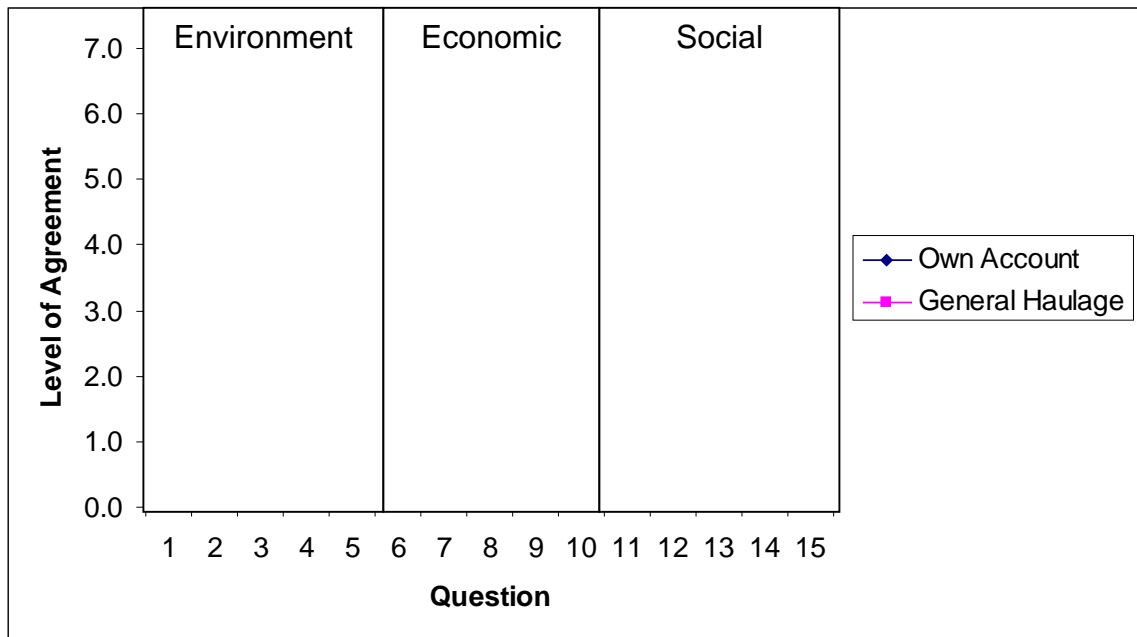
Similarly and to be expected the results for the analysis by industry sector have the same results as by company size as the majority of the companies that responded are majors from the own account sector.

From asking respondents to define CSR the conclusion must be that there is certainly an awareness of environmental and sustainability issues that drive operational efficiency but the relationship to stakeholders, communities and corporate structure is less strong.

Where respondents were asked for their level of agreement of how their companies approach to CSR agreed with those set out by the DfT. Due to incomplete data sets for the Waste and Van only industry sectors the only meaningful comparisons that can be made are between the different levels of management between the Own Account and General Haulage sector. In

figure 11 below the graph shows an overall comparison of how each sector agreed with how its CSR policy alignment with the DfT.

Figure 11 Industry Sector Comparison



The own account sector has an overall higher level of agreement with the environmental targets of the DfT (1-5 in figure 11 above). Significantly the General Haulage sector marginally disagreed that its policies took into account minimising its impact on land use and biodiversity and that the own account sector had a high level of agreement with minimising its waste and its impact.

In terms of economic effects the general haulage sector had a higher level of agreement with jobs and prosperity and fair pricing but neither agreed or disagreed that their policies ensured fair and open competition (6-10 in figure 11 above). This should be expected for such a highly competitive industry although it did agree that its prices and rates reflected the direct and wider costs of transport whereas the own account sector did not to the same

degree, does this mean that there is a more sophisticated approach to externalities from companies whose main business is not running transport.

For the impacts on society both sectors have a high level of agreement with the health and safety aspects of running transport operations (11-15 in figure 11 above). The own account sector has a much higher agreement with disturbance than general haulage, maybe this is due to the different types of delivery location each is delivering to; for example supermarket vehicles in a busy high street or general carriers delivering to industrial estates. As in the economic section above the general haulage sector was in greater agreement with access and equity in the market place which again could be a product of the competitiveness in the industry.

There seems to be some evidence that the own account sector is leading the general haulage in terms of sustainable distribution.

6.2 What impact, if any, has CSR had on business performance, with reference to business growth and profitability as well as intangible measures such as recruitment, brand and reputation?

Respondents were asked to quantify the effect on the bottom line the implementation of CSR, from; negligible, between 2% and 5%, 5% to 10%, 11% to 15% and 15%. The rationale behind this is that many of the operational interventions if implemented and measured correctly can both provide data for reduction in carbon emissions and this reduction in waste has a positive impact on operational costs. The potential positive impact should provide a motivation to all companies to strive for further new savings, whilst sustaining those already achieved.

The overall average for all respondents regardless of their industry sector or company size was between a five and ten per cent operation cost saving, operators of heavier vehicles were closer to 5% with those with lighter vehicles were at 10% savings.

Those respondents who answered the part of question 3 that required a reason for how this financial benefit was achieved replied that it was either too early or that they did not have access to the financials if their response was a negligible return. Where a return of under 2% was reported respondents begin to reply with fuel efficiency measures such as SAFED or elements of Freight best practice.

Returns of 5% to 10%, respondents begin to start introducing measures such as route planning and driver profiling. Where returns of greater than 10% have been achieved respondents introduce the concepts of greater utilisation of vehicles reducing fleet size as well as tighter driver control and route planning to reduce the miles run.

Where a return of 15% plus had been achieved companies have taken on additional personnel in order to sustain the benefits that had been achieved and to identify areas of the operations where further efficiency savings could be made. In all the primary motivation to achieve these benefits is a financial one rather than a social one, although the benefit of reduced emissions and more efficient vehicle use does have a social impact.

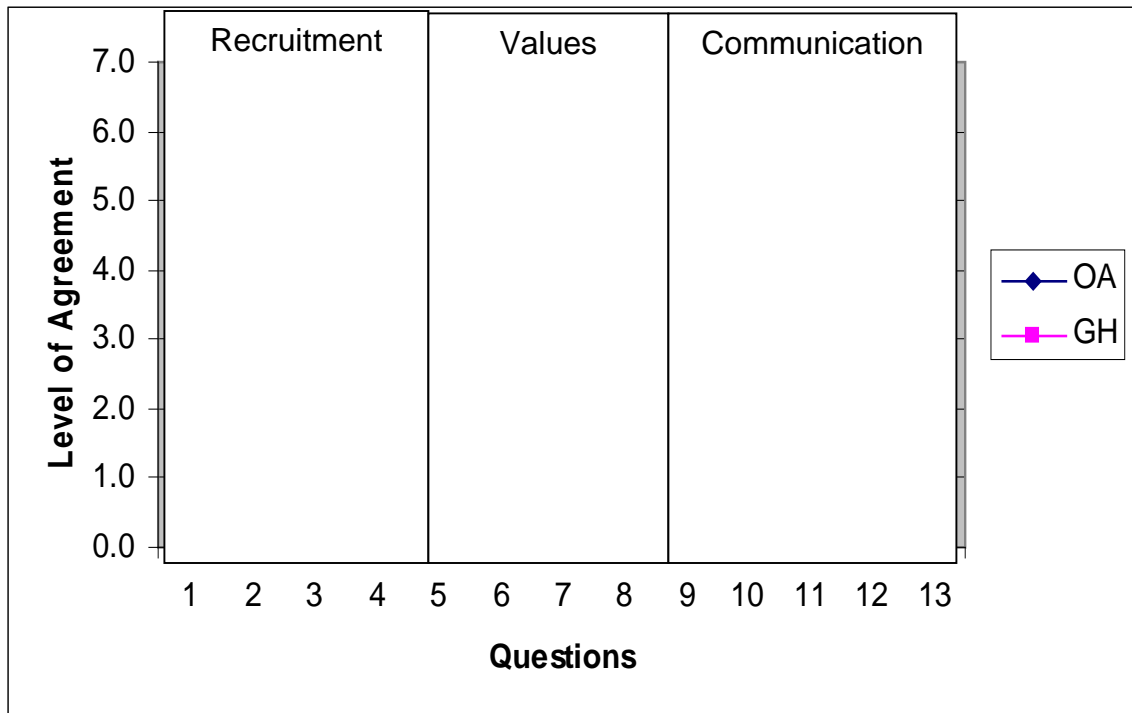
Where respondents were asked to rate their companies on a number of non-financial measures such as brand, reputation, ease of recruitment the researcher found that with incomplete data sets for each of the waste and van only sectors comparison was only possible between the Own Account and General Haulage.

Significantly there is broad strong agreement between both sectors in terms of how reputation has been enhanced through CSR and that the calibre of job applicants has increased as a result (1-4 in figure 12 below). There is none of the inconsistencies that the researcher was hoping to detect which draws the conclusion that there is a strong perception within both sectors that there is great external value to be derived from a strong reputation.

Regarding the alignment of the brand (5-8 in figure 12 below), corporate objectives and values, both sectors somewhat disagreed that corporate objectives were in conflict with brand values, they agreed that corporate values were aligned to corporate objectives and disagreed that brand values were in conflict with corporate objectives. This analysis suggests that the respondents had a good understanding of how the questions related to each other and demonstrate that companies must be spending much time ensuring that a high degree of alignment exists.

Where responses were required regarding the communication and measurement of the impact of CSR on stakeholders (9 to 13 in figure 12 below), the answers although positive in agreement the level of agreement was significantly weaker than it was for reputation and recruitment. This leads the researcher to conclude that there is an inconsistency in the approach of both sectors but that respondents were less sure of their responses which has led them to hold back a bit. So perhaps the strong alignment perceived in the previous responses is not laid on so strong foundations and should the surface be scratched a whole host of inconsistencies could be uncovered.

Figure 12 Company ratings on non-financial measures



Where respondents filled in the section on how their company's values and approach have made a difference when it comes to securing more work?
The following responses were received:

We seek and win new business on the back of the strength of our credentials and the awards received

Tender responses require CO2 reporting and ISO9001 & 14001 certification

The principle contractors favour companies with a CSR policy

As part of the whole story, it has helped us secure partnerships with 3 local authorities as an example.

Aids the bid process and improves conversion rate in gaining new work, most particularly with the public sector.

It has helped to retain customers especially in the retail sector

Creates opportunities that were previously not open to the company. Does not necessarily mean that work is any more profitable but it does tend to be more long term.

It makes us more marketable, however we win work but margins are incredibly tight and competition is squeezing them tighter

Backloading activity with Asda has increased turnover, and makes it more difficult for them to switch to another supplier

Able to quote for more profitable business with blue chip companies

To a degree it ensures that we can get through prequalification with some of the blue chip companies

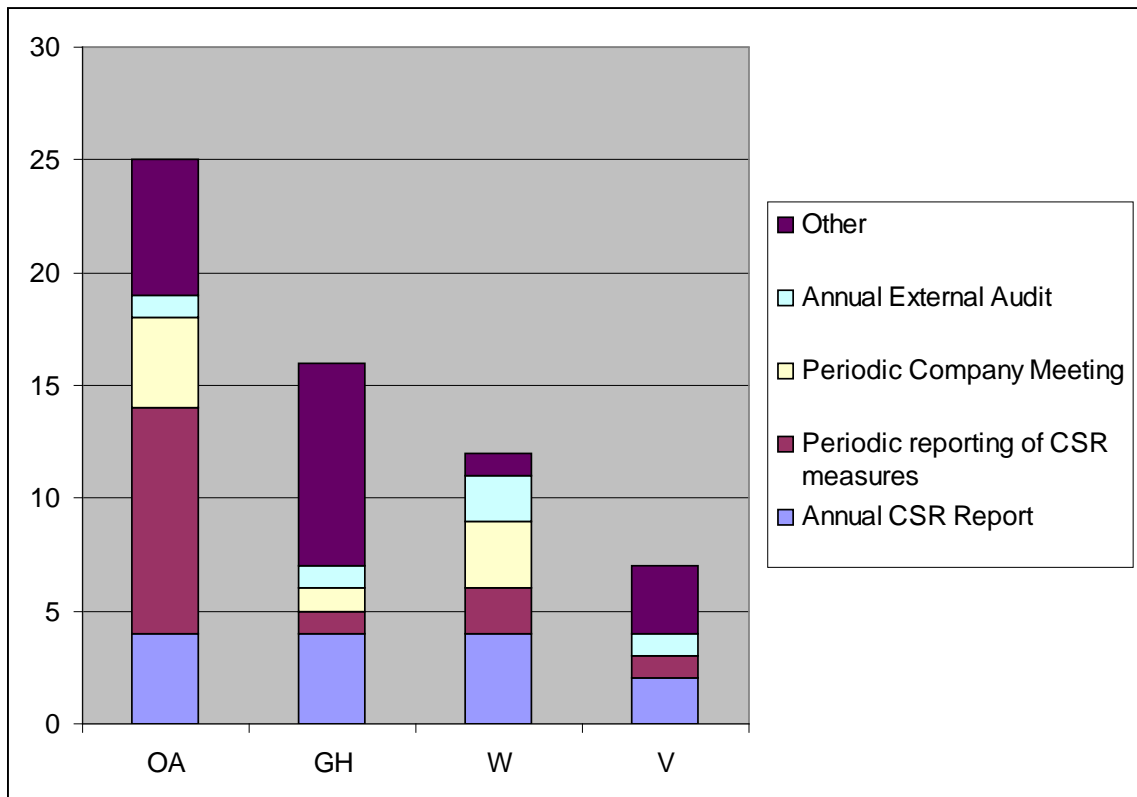
The themes here are that CSR is a prequalification to the bidding process, it is an enabler to forge long term relationships with customers, it gives a point of differentiation between companies and larger companies look on more favourably to those who have demonstrable CSR credentials. However the following response to the e-mail circulation was received from an SME General Haulage operator and gives some idea of how some in the industry view CSR and how they manage it.

I wouldn't waste your time , transport is currently driven solely by finance the cheapest get it possibly with the massive companies like Stobart and Dentressangle may take heed of this issue but in the mainstream hauliers are fighting each other for work and reducing rates whilst trying to give a Rolls-Royce service for Trabant money. We do not have the time or inclination to consider CSR directly but it is always at the back of your mind with Corporate Manslaughter, but other than that we do not consider the question at all.

6.3 Do transport companies actually implement and monitor their CSR initiatives or do they just talk them up to win work?

In terms of industry sector there are marked differences in how each reports its progress, the own account place more emphasis on periodic reporting on their CSR targets. What is also significant is that there was not just one answer from a number of respondents, which suggests that some companies are beginning to implement some sophisticated CSR reporting where periodic reporting and annual reports are subject to an annual external audit (See Figure 13 below).

Figure 13 Company Monitoring of CSR initiatives by Industry Sector



Companies that responded as other ranged from having implemented nothing or just used fuel consumption figures, to a beginning to implement some of the other options but just not yet completed. At a higher level some companies were using external benchmarking and participation in schemes

where exceptional performance is rewarded through award ceremonies and positive press as a way of demonstrating their CSR.

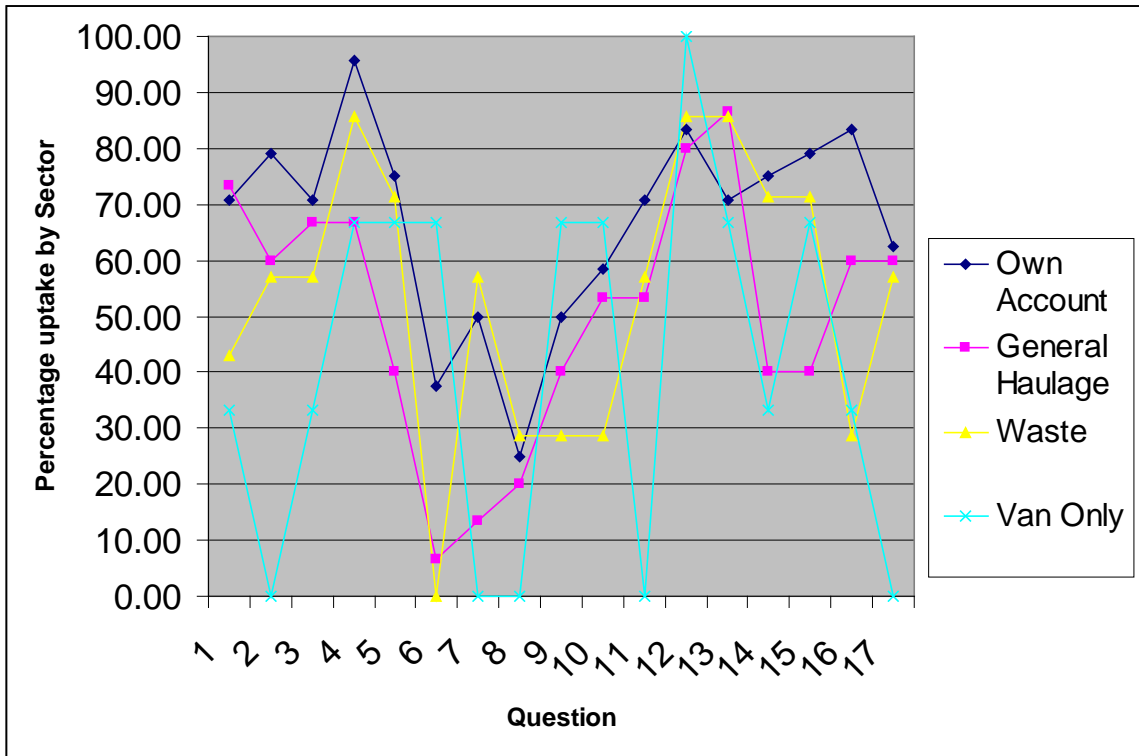
The take up of voluntary CSR measures by the industry both improves individual operational performance and provides the data to back up company CSR credentials. The responses to the questions required a yes or no answer and the interventions listed are those discussed in the overview of the freight industry and how it improves its performance.

The interventions on the Graph are as follows.

- 1 Fuel Champion
- 2 Freight Best Practice
- 3 Freight best practice fuel management
- 4 FORS Membership
- 5 Voluntary benchmarking (FORS or OLB)
- 6 Green 500
- 7 Annual FTA/RHA operational audits
- 8 Electric vehicles
- 9 Use of Alternative fuels.
- 10 Consolidation
- 11 Driver Profiling
- 12 DVLA driver licence checking
- 13 LEZ compliance
- 14 FORS PCN Toolkit
- 15 ISO 14001
- 16 SAFED Driver training
- 17 FORS Fuel advice

The analysis has been done on 2 levels. Firstly it takes an industry sector and derives the percentage uptake of each intervention (Figure 14) and secondly it takes the same calculation and applies it by company size (figure 15).

Figure 14 Intervention uptake by Industry Sector



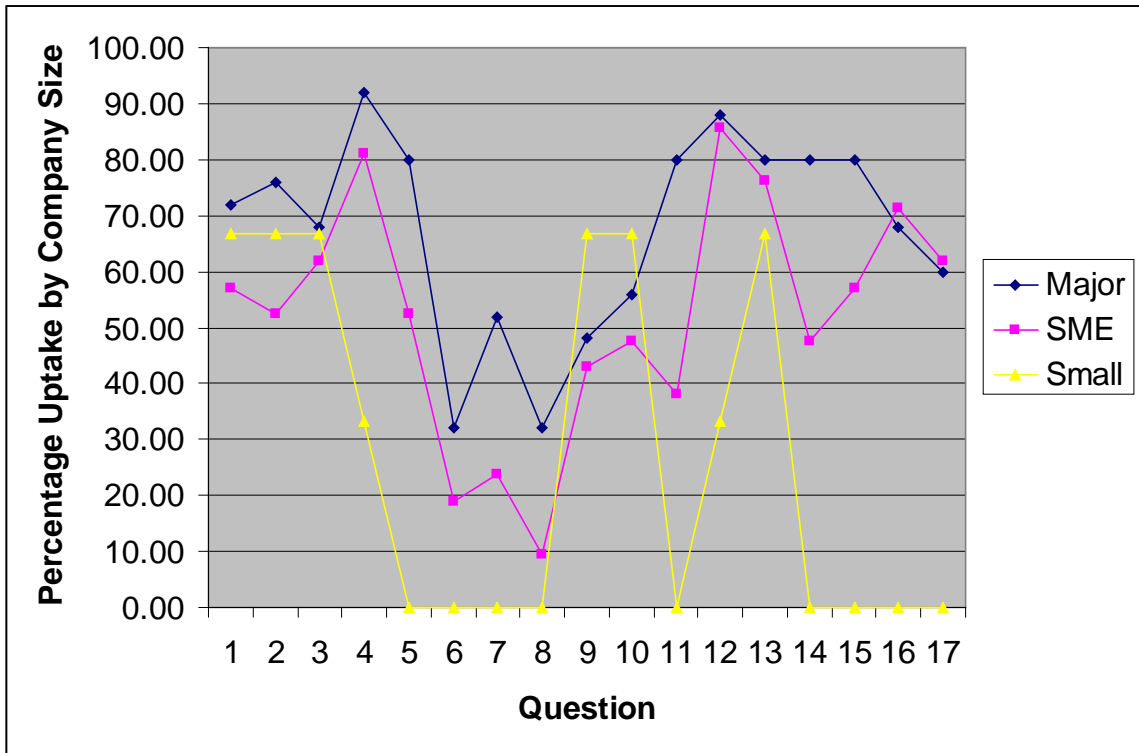
The graph shows that there has been a large take up of the publicly funded advice and guidance that has been offered to vehicle operators. This uptake shown in questions 1-5 is most strong in the own account sector. The uptake of FORS membership in this data does not reflect the industry norm and is partly to do with the survey population. Despite the high uptake of these measures there is much less uptake of external audits, this could be a budgetary measure as these can cost up to £1000 and FORS will do this for free. The graph dips in the middle where the questions were aimed at operational measures such as alternative fuels and vehicles, this could be to do with the stage of the vehicle lifecycle and cost of conversion to an alternative fuels, especially in a time of economic downturn and slow growth companies may be seeking to run older vehicles for longer thus delaying the environmental benefits of new technologies.

In order to use their existing resources more efficiently companies of all sectors have shown a high uptake of measures that involve using less fuel and making their operations more safe, such as Driver profiling, SAFED

driver training and FORS fuel advice. The Own Account and waste sectors are using ISO 14001 to direct their environmental effort.

The analysis by company size shows the larger companies leading the way with the uptake of the interventions. Again as with industry sector there is a lag in uptake of alternative fuels and vehicles. However the small companies are struggling to take advantage of some of the more fundamental free advice such a SAFED driver training and FORS fuel advice, this might be due to a lack of management time or the size of operation may mean that there is a longer period of payback than is the case in a larger organisation. Where the smaller companies are leading the way is through alternative fuels and consolidation, which may be as a result of a more flexible management approach and being less tied to dedicating resources that might be the case in a larger more contract driven organisation.

Figure 15 Intervention uptake by Company size



6.4 What frameworks are there to measure the relative level of progress achieved by the industry?





Measurement of companies progress towards integrating CSR was undertaken using the Building Research Establishments (BRE) managing sustainable company (MaSC) matrix. The respondents were asked to score themselves against the MaSC matrix, the scores were then averaged by industry sector to produce the results in the figure below.

Unlike the construction industry research undertaken in 2002/03 there is no baseline progress on which to compare results. In all the industry sectors scored themselves on average in the same range, encouragingly this range is towards an average score of 2 to 3 which suggests that companies have taken on board then need to integrate sustainable processes into their everyday business processes.

These results are based on averages; there were 6 companies who scored themselves as 5 on all categories, meaning that they had implemented no CSR strategy or processes. On the other end of the scale 4 companies scored themselves as 1 in all categories, indicating a very high degree of implementation of CSR into their everyday processes. In both cases there is no relationship between all the companies in terms of industry sector or company size.

Table 2 MaSC Matrix by industry Sector

	1	2	3	4	5
Strategy	Published policy with targets, reviews and active commitment	Internal statements with some targets	Written statement with targets	Informal guidelines	No written policy
Responsibility	Fully integrated into general management	Clear delegation and accountability	Delegated responsibility but authority unclear	Some informal support	No-one responsible
Planning	Outcomes regularly reviewed against annual plan	Formal planning throughout the business	Formal planning in some parts of the business	Ad-hoc planning in some parts of the business	No integration into business planning
Communicate	Comprehensive internal and external communication and training	Comprehensive internal communication and training	Piecemeal internal communication and training	Ad-hoc awareness raising	No awareness or internal dialogue
Implement	Procedures and benchmarking promoted and updated	Formal procedures with routine benchmarking	Formal procedures without benchmarking	Informal ad-hoc procedures	Compliance with regulated issues only
Audit	Company-wide audit scheme linked to review of annual plan	All aspects of business audited with some follow up	Most aspects of business audited with some follow up	Ad-hoc audits with little follow up	No management audits of performance.

	Own Account
	General Haulage
	Waste
	Van only

6.5 What is the future for CSR in the transport industry?

In the short term respondents were mainly concerned with completing the project that was currently underway and in general these reflected the stage at which CSR has been implemented into the company. Those further advanced companies were beginning to look into converting trials of alternatively fueled vehicles into long term solutions. The less advanced companies were looking to complete training programs, measure their impact and look into ways of sustaining those benefits.

In the medium term companies are seeking to change their reporting mechanisms to ensure alignment with CSR aims, for example converting a reduction in MPG into a CO2 savings figure. Others aimed to begin further efficiency programs by looking more closely at routing and scheduling regimes as well as alternative fuels and their long term vehicle options.

In the long term the responses were much the same as above, with companies looking to sustain the economic benefits of their efficiency savings, but also looking to see how relevant or adaptable new technologies are going to be for their own operations.

7.0 Discussions

7.1 What understanding do transport companies have of CSR?

The road freight industry does not see CSR in its more traditional guise that encompasses employee rights, work-life balance, corporate governance, business ethics and community responsibility. Typically road freight companies have a very limited view of CSR and this has been demonstrated by the results of the research although the themes above were mentioned by some of the respondents they were very much at the bottom end of the scale when compared to the Environment and Sustainability issues.

The industry understands CSR as a way of reducing environmental impact of its transport operations, and uses it as a driver for operational efficiency. What is significant is that although the understanding of CSR is potentially flawed across the industry, there was consistency of response from all sectors and all company sizes. Certainly all those questioned had environmental and sustainable issues at the top of their management agenda and there were very few who were unable to give a definition of some sort that did not touch on these issues.

The industry is being led from by the major companies who have to be seen to be doing the right thing to protect their reputations. These organisations tend to be own account operators whose main business is not running transport. However they do rely on the general haulage sector to provide backup to their operations at times of high demand or on routes or to areas that are uneconomic for them to run to. However in order for the general haulage companies to work for these majors they need to comply with their selection criteria in terms of environmental impact mitigation and general policies which are becoming more demanding. This would explain the near convergence of their responses and could lead to the conclusion that once the environmental issues have been 'knocked off' then the others such as the softer HR and ethical issues will follow.

7.2 What impact, if any, has CSR had on business performance, with

reference to business growth and profitability as well as intangible measures such as recruitment, brand and reputation?

None of the companies questioned reported a negative impact of implementing measures into their operations that could contribute to the companies CSR. There was a positive across the board impact on bottom line performance where an average saving of between 5% and 10% being reported which confirms the belief of Preston and O'Bannon (1997), McWilliams and Seigel (2001) that CSR does not have a negative financial relationship and is at least cost neutral. Whilst the evidence is that financial savings have been made what is inconclusive is that they have gone straight on the bottom line and improved profitability.

What also emerged was a lifecycle to achieving these savings. It could be argued that the early adopters of many of the measures are now beginning to reap the greatest reward and certainly there is a template of how to implement these savings and achieve these savings.

0%-2% start with basic fuel efficiency measures by taking a more active approach to managing fuel consumption by simply measuring performance and finding ways to improve it.

3% -5% savings are achieved by implementing targeted improvements such as SAFED driver training and driver profiling.

5% - 10% savings drill down further with driver profiling and changes to route planning regimes, these greater savings might come from reduction in fleet size with a greater reliance on sub-contractors who can make a difference to uneconomic runs through consolidation or filling an empty leg in their schedule.

Above 10% seem to be where companies have sophisticated continuous improvement programs and are able to continue to sustain previously realised savings whilst identifying new areas that may yield further savings. Companies at this level have made it financially viable to employ additional staff in order to sustain these benefits.

There was unanimous agreement that CSR had had a positive effect on

intangible measures such as recruitment, brand and reputation. This is not surprising given the domination of the Own account sector in the survey population given their exposure to the wider public through their main activities and the need to maintain good relations with them.

Companies were looking to demonstrate a business benefit from CSR were looking to either link it to a strategic or utilitarian purpose as advocated by Lantos (2001) and Swanson (1985) or to aligning it to business goals as supported by Bronn and Vrioni (2001), Middlemiss (2003), Kitchin (2003) and Yu (2003). The third way is just to tell 'a good corporate story' (Taylor, 2001) that might both attract and retain staff as well as potential new clients. However all the respondents alluded to the fact that they were in business to make money and that this is a volume business.

What is not evident from the responses is a measurable effect of the intangible measures. The respondents sense a positive effect on the company but this is not converted into hard cash results. There is no accepted way of comparing the tangible with the intangible, so whilst the results are positive and concur with the literature it does not offer incontrovertible evidence that this is the experience of the whole industry.

7.3 Do transport companies actually implement and monitor their CSR initiatives or do they just talk them up to win work?

What we have are 'advocates' and 'followers'. The former are those companies that have integrated CSR into their business practices and have made it part of the everyday running processes of the company. These companies champion CSR from a board level and see CSR as strategic or utilitarian and believe that it will differentiate them in the market place. These companies are those which are using CSR as part of their overall strategy and are not those whose primary business is providing transport.

The latter, 'Followers' get involved because they need to be seen to be doing it; falling into Swanson's (1985) category of 'negative duty' and Vogl's (2003) client expectation.

Clients with a high degree of reputational risk in both the public and private

sectors no longer see CSR as a 'nice to have', but as a precondition of doing business with them. Contractors must respond accordingly and outwardly demonstrate their commitment to these sorts of initiatives and be subject to periodic audits to provide the proofs of action, words alone are no longer sufficient.

A good example of this will be Proctor and Gamble whose 'Lenor' adverts claim to have removed 15,000 truck journeys per year from the roads. P&G do not run any of their own trucks; they distribute their goods through a contract with DHL Logistics. DHL's CSR policies will be largely driven by those of their clients and there will be a high degree of convergence between the two companies. DHL use a mixture of their own vehicles and sub-contractors to fulfil their client's needs. However to become an approved contractor of DHL there is a qualification process that checks company credentials and processes. Through this process the advocates such as P&G are raising the bar to the principal contractors, and in turn the smaller companies are manipulating their own credentials through FORS membership and industry awards.

Whilst the industry can see the benefits of developing a CSR policy, where contractors have seen it as a prequalification to be able to bid for work, which is in keeping with the findings of both Vogl (2003) and the World Economic Forum (2004) regarding positive benefits of managing long term risk through CSR.

This does not guarantee that the work is any more profitable, the normal mechanisms of price competition still apply creating the tension identified by Mohr and Webb (2001). What is not clear from the research is to what degree some of the smaller companies are integrating CSR into their normal business practices, with such positive responses it would be easy to apply this to whole industry, however there are many small companies that demand price and service but not CSR policies. So in such a diverse industry for every company with a CSR policy that can stand up to an external audit there are probably 20 without anything at all especially given the response rate to the questionnaire.

7.4 What frameworks are there to measure the relative level of progress achieved by the industry?

So far as I can tell there has never been a study such as this undertaken on the road freight industry and it has taken some research provided by the construction industry to provide a framework on which to base this research. As a result the researcher was able to measure where the respondents scored their respective companies at the time of responding to the question rather than measure progress from a previous study.

As a result of this lack of a previous study the researcher was unable to test the evidence from other industries that suggested that the early adopters of CSR measures tend to be the large players as a strategy that “delight” (Slack and Lewis 2008) potential customers, and through time these then become qualifiers and therefore the norm. The profile of responses showed that all of the industry sectors are occupying the centre ground and are demonstrating a cultural change in the businesses where the targets, planning and procedures of managing CSR within the organisations is relatively well integrated into daily routines but technically qualifies the majority of the industry as ‘Followers’. A small lag was detected between the General Haulage and Own Account operations but this was only by a couple of tenths on each criteria leading to the conclusion that in terms of the survey population they are at the same level.

There was no conclusive evidence that this was being led by the larger companies. The advocates who scored themselves 5 out of 5 came from across the spectrum of respondents, this indicated that they are implementing and developing their policies as part of a business rather than a PR strategy.

Similarly there were those who scored 1 out of 5 who could be described as either ‘detractors’ or embarking on the journey to catch up with the rest of the industry, ‘late starters’ rather than early adopters. The evidence from the responses was inconclusive on either point.

From the evidence gathered CSR has certainly filtered down to the road

freight industry. However it will be for future studies to uncover the fate of those companies that fail to take up and implement a CSR strategy.

7.5 What is the future for CSR in the transport industry?

The future for CSR in the Road Freight industry is that it is here to stay in a form adapted to the needs of the industry, there are three emergent themes that come out of the responses and that shape how different companies see what will drive their future plans for CSR in their companies, as in previous responses there was no conclusive evidence that any of these categories could be pinned to a particular size of company or industry sector.

7.5.1 Continuous Improvement

There are those companies that see the future as building on the operational efficiencies that they have already implemented.

Keep doing more of the same but adopting those initiatives that make a real difference to the bottom line. (General Haulage, SME Operator)

Continuous improvement in waste reduction and operational efficiency (Own Account, Major Operator)

7.5.2 Technological advances

There are those companies that are looking to technology to provide the future direction for their CSR strategy.

Look at alternative fuels and other fuel reduction devices to determine vehicle specification and renewal policy (Own Account, SME operator)

Trial any new technologies, such as hydrogen or airpods. Invest in new technology to improve consolidation of deliveries. (Van only, Major Operator)

7.5.3 Legislative Compliance

Lastly there are companies that are looking for the government to provide a legislative framework on which they can base future CSR strategy.

Government to introduce legislation to control transport operations so that only those that qualify will be able to do business. (Own Account, Major Operator)

To comply with all relevant and future legislation. (Waste, Major Operator)

In reality for most companies future strategy is going to be shaped by a combination of all of the above factors. There were of course those companies for whom CSR seemed to be a waste of their management time.

Tight margins make doing more unlikely. (General Haulage, SME Operator)

Not high on priority list at this time. (Waste, Major Operator)

Companies will engage in CSR initiatives if it makes economic sense, and generates additional turnover. The industry is not profitable enough to simply invest for the sake of the environment. (General Haulage, SME Operator)

7.6 Discussion summary

The following model adapted from the Trust relations matrix (Mendelow 1991) summarises how different sectors of the road freight industry react to different stakeholder demands.

Figure 16 Industry Reaction to CSR

Stakeholder	High	<p style="text-align: center;">Advocates</p> <ul style="list-style-type: none"> • Innovative approach to CSR • See CSR as Value Creation • Integrated into general business practice and communications 	<p style="text-align: center;">Responders</p> <ul style="list-style-type: none"> • Reactive approach to CSR • See CSR as unavoidable cost • Bolt on approach into general business practice • Deliberate communications to be seen to be doing CSR

	Low	Followers	Detractors
		<ul style="list-style-type: none"> • Ad hoc approach to CSR • See CSR as Investment • Ad hoc integration into general business practice and communications 	<ul style="list-style-type: none"> • Minimum compliance to legal and market expectations. • See CSR as avoidable cost • No CSR Strategy or process • CSR not seen as relevant
		Proactive	Reactive
	Sector CSR Strategy		

Advocates are companies that are keen to be innovative in service delivery and want to use CSR to delight their customers (Slack and Lewis 2008). In this category there are the large Own Account retail and support operations and some very specialized general operations.

Responders are those companies that have to be seen to be doing the right thing in order to keep pace with their potential clients who could be in the form of large retail or wholesale distributors as well as principle contractors. This category will be occupied by the Major General Haulage operations.

The followers are those companies that are keen to break into a CSR driven market in order to broaden their client base. However they are primarily driven to making a return on investment and so will only take on those projects from which there is a financial benefit and so are ad hoc in their approach. This area is occupied by the larger SME General Haulage operations.

Detractors make no CSR commitments, seen as a cost and operationally restrictive, and only extreme client pressure will kick start them into doing anything. These companies could come from any one of Rose's (2007) 8 categories, but the author suspects that the majority are 'uninformed deniers' rather than 'despairers'. This quadrant is has most of its members from the

lower end of the general haulage and waste sectors whose clients are more concerned with price than reputation.

In order to change the attitudes of the latter section of the industry the fourth theme to emerge regarding the future of CSR will be the changing attitude of society in general to the concept.

8.0 Conclusion

This research shows that there is a good understanding of the concepts of CSR within the Road freight industry, what is most heartening is that this knowledge is not polarised to only Major companies and needs some osmotic process in order for it to filter down through the industry. The research showed that from those that responded to the questionnaire that from all sectors, company sizes and management levels there is a good basic knowledge of the concept and how it is implemented.

There are of course tensions between the different attitudes within the industry but certainly those advocates are certainly seeing a positive effect on business performance and are able to differentiate themselves from the more detractive attitudes. This is becoming increasingly more important especially at the top end of the market where the pre-qualification process is demanding hard evidence of CSR performance rather than taking the marketing rhetoric on trust. Smaller companies who remain unconvinced of the benefits will at the very least soon find margins eradicated through poor cost control as well as being relegated from the role of principal contractor to sub-contractor and the vagaries of short term business relationships.

From the responses received there was unanimous agreement that all the measures that had been implemented had had a positive effect on the industry's cost base. One of the themes to emerge is that there is an implementation cycle which starts from a basic fuel management process through a continuous improvement process and more sophisticated solutions that when fully integrated into everyday business can have a greater than 15% improvement on operating costs.

Similarly there was agreement that these measures when communicated to the external stakeholders had had a positive effect on the intangible value creators such as brand, reputation and recruitment.

There was an initial assumption that the industry has come from a very low level of CSR integration in a very short time and the positive results gained from the MaSC matrix scores shows that the advocates are having a positive effect on the industry. However this must be kept in perspective as it was a very small sample and this is an industry with a very long tail.

The future for CSR in road freight has four drivers, Continuous Improvement, Technology, Legislation and Society. It is definitely here to stay and is no consultant's whim or fad; the two unknowns are how long and how deep it will penetrate into the long tail of small companies.

8.1 Implications

CSR is here to stay, its principles will remain the same but road freight will always have environmental impact at the top of its agenda.

Evolution of the industry approach will be driven by the advocates blazing a trail with innovative approaches, followers will be continually playing catch up, and responders will do and communicate what they need to. The author however still has a nagging suspicion that the majority of the industry will not engage in the process at all.

The drivers of CSR strategy will remain the same over the long term, although the author expects that there will be some interplay between technological advances and government regulation and emissions taxation policies.

There are unlikely to be longer term location changes of storage facilities or indeed localisation of supply as proposed by Mackinnon (2007) as the pressure for housing in the South East of England makes this unlikely as this drives up land values and makes for uneconomic storage costs.

8.2 Research Limitations

The data provided is only a snapshot and relevant only to the period from December 2009 and February 2010.

Content analysis is a time consuming and manual process. Therefore it is possible that there were inconsistencies between the different sets of analyses. Care was taken to ensure consistency and fairness when reviewing responses.

As a result of the separation between questioner and respondent there is the possibility of misunderstanding of the questions. In all the correspondence that was sent out it was made very clear that if in doubt the respondent were to contact the author, none chose to take up that option. All the responses were therefore taken on trust and the author has not undertaken any audit in order to validate the responses. He did however ensure that all respondents remained anonymous but there is also the possibility that the respondents have played up to their strengths and exaggerated their responses.

The sample size could have been larger and more targeted to ensure that all management levels, industry sectors and business sizes were equally represented. However the response rate was too slow to ensure that this could be achieved within a reasonable timeframe.

8.3 Further Research

CSR in Road Freight is not a new concept, but bringing it together in a report such as this is. Previous studies have really only looked at aggregated fuel data in order to determine CO2 emission levels, this paper therefore offers a platform from which further studies of the industry can take place.

8.3.1 The relationship between financial performance and operational interventions that can translate into CSR reporting needs further

investigation. This could translate into frameworks and toolkits that could be adopted by the lower end of the industry. To a degree these exist in FBP and FORS, but they are not being taken up fast enough to drive real change in the industry so work needs to be done to increase engagement with the industry at this level.

8.3.2 This research only addressed the views of the industry, further research could be undertaken with clients and other industry intermediaries such as the regulatory authorities, vehicle manufacturers and software suppliers in order to offer a broader view and supplement this research,

8.4 Practical Advice for the Industry

In order to engage further with the small to medium sized Transport companies a structured action plan has been formulated based on the 10C's of CSR as described by Peters (2004) and the savings lifecycle identified in the research to help them improve their operational efficiency and enable them to demonstrate some CSR credentials. By implementing a generic staged plan that provides a route through quick wins, short to medium term interventions to the achievement of long term goals that ensure business sustainability and profitability through the examination of a companies:

- Driver Management
- Vehicle and Fleet management
- Work Related Road safety
- Transport IT
- Customer and Stakeholder relationships

The aim would be to create a systematic action plan that adds value to a business through the control of Transport related costs. The objective of this plan is to deliver an operations strategy to companies that lack the manpower, skills and knowledge to implement such a plan and realise its full potential. Through the identification of key areas for improvement, looking for obvious quick wins and improvements such as:

- Unit cost benchmarks: are competitive rates being paid for all services and what added value do we get from this expenditure?
- Is the business structured to move forward to get the most cost effective solution?
- Are there any more cost effective operational solutions that can be quickly implemented?

The format of the plan is a series of actions that build into a management system that will enable maximum value to be extracted from the operation and provide a basis for demonstrating a firm's CSR credentials. The plan proposes 10 steps as follows:

1. Current Status Review

Auditing existing management reporting systems and establishing a reporting regime that will firstly provide a baseline position from which all improvements can be measured.

2. Work Related Road Safety

Review policies and procedures regarding WRRS, check sources of legislative compliance and implement an auditable review checklist and or action plan

3. Managing Drivers

Develop a management strategy that encompasses driver development and safety, management of agency and casual drivers, as well as developing robust systems to manage drivers hours and the Working Time Directive.

4. Managing Vehicles

Review of Operators Licence obligations through the auditing of compliance against: defect management, service schedules and preventative maintenance regimes.

5. Fuel management

Through the implementation of guidance from FBP and FORS: review and adjust policies and systems for recording fuel use, fuel ordering and fuel Card and bunker Management systems.

6. Transport Planning/IT requirements

Within the route planning department ensure that the routing and scheduling is as efficient as possible and that the information on the system is regularly updated to ensure that staff have access to the most up to date information at all times. Through the implementation of vehicle telematics and integrating the information into the traffic management system, greater visibility of movements' will increase vehicle utilisation.

7. Vehicle choice and specification

Over the longer term technological and legislative changes will affect vehicle replacement policies, so it would be prudent to ensure close relationships with vehicle suppliers to organise demonstrations of alternative fuels and vehicle design improvements in order to make comparisons on vehicle performance. With a vehicle life of 7 to 10 years the choice will be crucial to long term savings.

8. Customer Requirements review

Over time customer requirements will change, through periodic meetings with customers it will be possible to develop a cost down strategy with them that will also save the company money. This could be done through consolidation and delivery pooling following a review of all customer Service Level Agreements.

9. Management of other Costs

Through poor driver training or lack of information systems for drivers and planners, penalties for transgression of the rules of the road can soon mount up especially in the multi-drop urban environment. For example the fine for

transgressing the London Lorry Control Scheme is £2000 per incidence. Therefore it is necessary for companies to ensure that fines and charges of this nature (Penalty charge notices (PCNs) as well as bridge tolls and subsistence allowances are closely monitored before they get out of hand.

10. Stakeholder management

Finally it is advisable to develop communication strategies with all the enforcement agencies such as Health and Safety, Vehicle Operator Standards Agency, Department for Transport, and the Police.

These ten action points aim to mimic the savings lifecycle identified in the study and offer a solution to smaller companies to build a management process over time rather than think it all has to be implemented simultaneously. Small changes will have an immediate effect on a company's bottom line and measurements of improvement will be compared to the baseline on items such as: enhancing revenue, developing suppliers with similar goals, improving return on assets, extracting greater value from people and systems will enhance profitability and improve.

By integrating these routines into everyday business transport managers will be able to continue with their day to day operational roles whilst achieving significant business benefits.

8.5 Personal Development

I saw an opportunity to use this dissertation as a way of developing a new skill set to approach this subject with an air of authority not usually found in the industry. This is an area in which many companies are going to need to develop a strategy and process to deal with CSR and I intend to be able to profit professionally from this.

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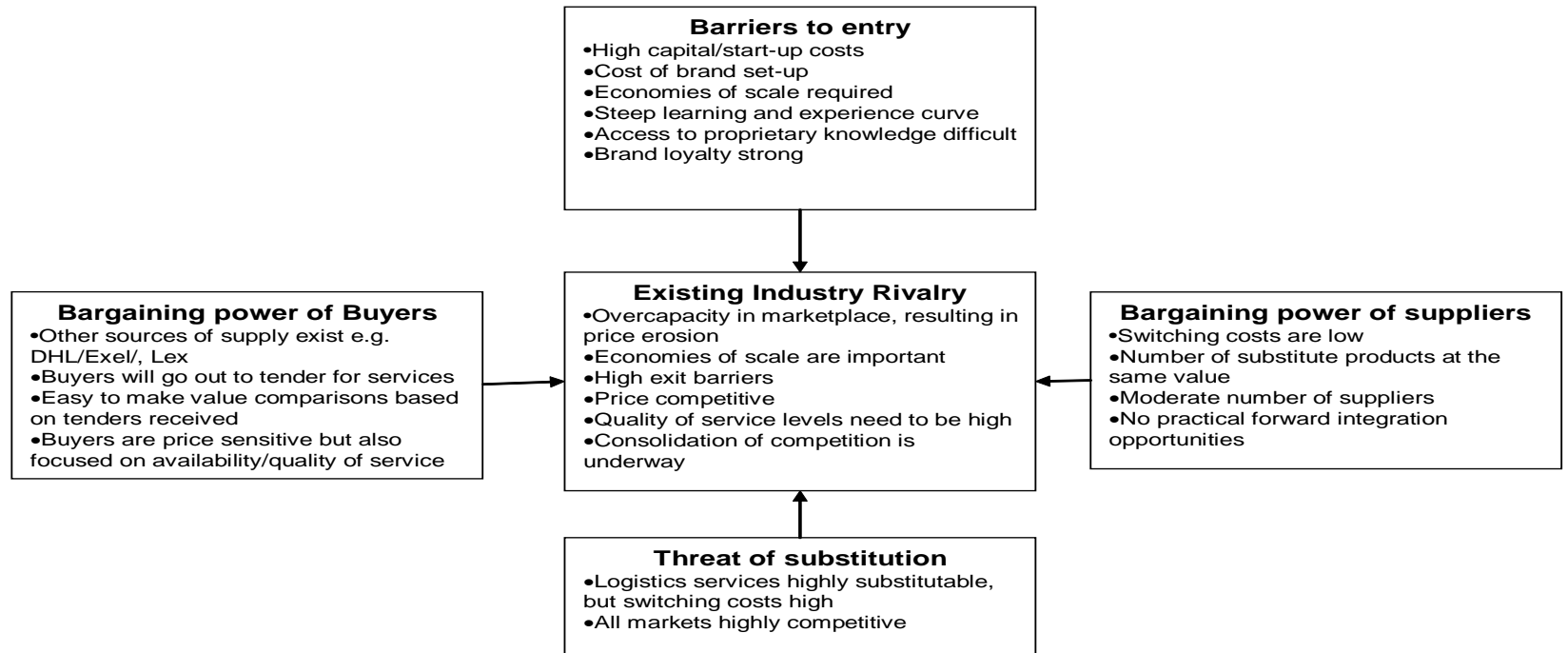
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Appendix A Porters 5 Forces Model



B Top 20 Distribution companies in UK (UK turnover only) (Source: Motor Transport)

	Company	Employees	Turnover £m's	Pre tax Profit	% ROS Pre Tax	% Share of top 100
1	DHL/Exel	44,200	2721	27	1%	21%
2	Wincanton	17500	1098	37.4	3.40%	8.42%
3	Keuhne & Nagel	7000	877	14.2	1.60%	6.75%
4	Autologic Holdings	4126	678	8.6	1.27%	5.22%
5	UPS	7000	500	?		3.85%
6	TNT UK	8058	470	29.8	6.34%	3.62%
7	Salvesen	8616	422	11.1	2.63%	3.25%
8	TDG	5904	333	15.7	4.70%	2.54%
9	NYK	4000	300	?		2.31%
10	Parcelforce		298	-13		2.29%
11	Gist		295	29.7	10%	2.27%
12	Geopost(Parceline)	4079	262	19.5	7.44%	2.02%
13	Business post	2042	233	20.5	8.80%	1.79%
14	Ryder	2708	207	10.5	5%	1.59%
15	Initial citylink	1575	203	15.1	7.44%	1.56%
16	White Arrow	9848	200	?		1.54%
17	DFDS	1132	157	?		1.21%
18	W H Malcolm	1767	138	6.3	4.50%	1.06%
19	Target Express	1781	130	10.9	8.38%	1%
20	ANC	1182	123	0.5	0.41%	0.95%

less,5,9,10,16,17		8190	256.8	3.14%
Less parcels		7239	190.3	2.63%
Less DHL/Exel		4518	163.3	3.61%

Top 100		13,000		100%
Top 50		11,700		90%
Top 10		6890		52%
Exel		2721		21%

C PESTEL	Factors-External Analysis	Impact
Political	Transport Policy Unclear	Lorry Road User Charging scrapped but may yet re-emerge as road pricing. Incentives for using rail links for trunk routes. Commercial vehicles less of a political target than the private car. Level of fuel price duty makes UK most expensive country in the EU to run a commercial vehicle.
	Trade Union Activity	Union Aspiration of £10 per hour, although driver shortages have been driving wages up, still some way off this target. Driving still requires overtime to supplement basic, 48 hour week about £8.20 gross per hour.
Economic	Retail Slow Down	Transport demand derived from overall economic demand for goods. A slowing economy will have an adverse impact on road transport.
	Fuel Prices	Fuel prices are volatile, trend is upwards, must ensure that SLAs with customers cover changes in fuel price.
	Commodity Prices	Downward prices on parcel, pallet and Full load transport due to increasing impact of foreign companies operating within the UK.
Social	European Labour pool	Training and language issues
	Low Unemployment	Driver Shortages, upward pressure on wages
Technological	E-commerce	Growth of Home delivery
	On-line access to delivery information	Large investment in new technologies to enable real time web access for tracking and tracing consignments.
	Cheaper & Lower entry point	To enter the market at a lower level than competing in commodity market rather than value added service.

	Digital Tachograph	Requires investment in equipment to ensure legal compliance, driver training and new processes for management of the information it provides.
	In cab technology	Technologies exist for telematics, real time download of delivery info, driver communication by text or e-mail.
	Rapid change & innovation	Investment required to keep up with the latest value added services offered through technology.
Legal	Road Time Directive, Working time Directive, EU Drivers Hours	Increasing tightening of working time and driver hours' legislation will impact on operational efficiency and increasing complexity of legal compliance.
	Vehicle Emissions Legislation	Currently at EURO V, changing to EURO VI in 2012, impacts on vehicle selection .also different technological solutions to the same problem. SCR requires ADBLUE infrastructure, EGR increases complexity of maintenance.
Environmental	Road Congestion	Increasing level of private transport causing congestion and impacting on costs.
	Carbon Footprint	Road transport will have an impact on the companies carbon footprint, although fuel use in an artic is 345 times more efficient than that of a car per tonne.
	Green Lobby	Road transport a constant target from the green lobby, impact is that it is disproportionately legislated against compared to other alternatives such as rail and air.

Appendix D Questionnaire

Personal Details (Please tick)	
Company Director	
General Manager	
Manager	
Supervisor (FLM)	

Industry Sectors (Please tick)	
Own Account	
Third Party/General Haulage	
Demolition and Waste	
Van Only	

Company details (Please tick in the blank box below answer)				
Employees	More than 250	Less than 250 more than 5	5 or less	
UK Depots	More than 10	Less than 10 more than 3	2 or 3	1
Vehicles > 3.5t (Trucks)	More than 1000	Less than 1000 more than 100	Less than 100 more than 10	Less than 10
Vehicles < 3.5t (Vans)	More than 1000	Less than 1000 more than 100	Less than 100 more than 10	Less than 10

1. In the box below can you write a short paragraph or bullet points giving your understanding of “Corporate Social Responsibility”?

2. Which of the following do you agree are part of your companies approach to CSR? (Please tick 1 for totally disagree, 2 for disagree, 3 for somewhat disagree, 4 for neither disagree or agree, 5 for somewhat agree, 6 for agree and 7 for totally agree)							
	1	2	3	4	5	6	7
Contribute to the reduction of greenhouse gas emissions							
Contribute to meeting UK national and EU air quality standards							
Contribute to meeting UK national and EU noise standards							
Minimize impacts on biodiversity of species, habitats and landscapes							
Minimize waste and the impact of waste produced							
Promote continued economic growth							
Generate new and secure existing jobs, with relevant skills and personal development							
Prices and rates that reflect the direct and wider costs of Transport.							
Ensure fair and open competition at home and abroad.							
Ensure a plentiful supply of goods and services through efficient distribution systems.							
Improve vehicle, driver and other road user safety							
Protect the health of the road user and the wider public							
Minimize the noise impact of operations on communities							
Promote wide access to markets, goods and services							
Ensure efficient distribution services available to all through the user pays principle							

3. Can you quantify the effect that CSR has had on the financial performance of your company? (Please tick in the blank box below the applicable answer)				
Negligible	Greater than 2% less than 5%	Greater than 5% less than 10%	Greater than 10% less than 15%	Greater than 15%
Can you write a short paragraph or bullet points on what your company did to achieve this?				

4. How does your company demonstrate a commitment to CSR? (Please tick in the boxes below the answer or comment in the box provided)				
Annual CSR Report	Periodic reporting of CSR measures	Periodic Company Meeting	Annual External Audit	Other

If Other (Please Specify with short paragraph)				

5. How would you rate your company on a number of non-financial measures such as brand, reputation, ease of recruitment? (Please tick 1 for totally disagree, 2 for disagree, 3 for somewhat disagree, 4 for neither disagree or agree, 5 for somewhat agree, 6 for agree and 7 for totally agree and comment in the box provided if necessary)							
	1	2	3	4	5	6	7
People have a good feeling about your company?							
People admire and respect your company?							
People trust your company?							
The caliber of applicants to job vacancies has improved?							
Brand and reputation have improved over recent years?							
Company objectives often become confused with brand values?							
Corporate Values are aligned to Corporate objectives?							
Brand values are often in conflict with corporate objectives?							
Your company is led by actions and not rhetoric?							
Your company measures stakeholder expectations of it?							
Corporate values are embedded into management and marketing thinking?							
Your company achieves market leadership through reputation?							
Your company's values and approach have made a difference when it comes to securing more work?							
If so how?							

6. MAsc Matrix (Please Tick the applicable answer)

Do you have a CSR Strategy, if so how is it defined?				
Published policy with targets, reviews and	Internal statements with some targets	Written statement with targets	Informal guidelines	No written policy

active commitment				
Who is responsible for CSR in the organization?				
Fully integrated into general management	Clear delegation and accountability	Delegated responsibility but authority unclear	Some informal support	No-one responsible
Do you have planned approach to CSR, if so what is it?				
Outcomes regularly reviewed against annual plan	Formal planning throughout the business	Formal planning in some parts of the business	Ad-hoc planning in some parts of the business	No integration into business planning
How do you inform internal and external stakeholders of your CSR activities?				
Comprehensive internal and external communication and training	Comprehensive internal communication and training	Piecemeal internal communication and training	Ad-hoc awareness raising	No awareness or internal dialogue
How do you implement and measure CSR initiatives and practice?				
Procedures and benchmarking promoted and updated	Formal procedures with routine benchmarking	Formal procedures without benchmarking	Informal ad-hoc procedures	Compliance with regulated issues only
How do you audit your CSR activities?				
Company-wide audit scheme linked to review of annual plan	All aspects of business audited with some follow up	Most aspects of business audited with some follow up	Ad-hoc audits with little follow up	No management audits of performance.

7. Which voluntary CSR measures have been implemented into your organization? (Please tick either Yes or No or comment in the box provided)	Yes	No
Fuel Champion		
Freight Best Practice		
Freight best practice fuel management		
FORS Membership		
Voluntary benchmarking (FORS or OLB)		

Green 500		
Annual FTA/RHA operational audits		
Electric vehicles		
Use of Alternative fuels.		
Consolidation		
Driver Profiling		
DVLA driver licence checking		
LEZ compliance		
FORS PCN Toolkit		
ISO 14001		
SAFED Driver training		
FORS Fuel advice		
Other (Not Listed)		

8. What do you believe the future holds for CSR in the Road Freight industry? What is your company's future plans regarding CSR? (Please Comment)

Short Term

Medium Term

Long Term

Appendix E Content Analysis

Table 1 Word Analysis by Management level

Key Word or Phrase	Directors	GMs	Managers	FLMs	Total	Rank	Occurrence
Environment/Environmental impact	4	2	13	1	20	1	14.49%
Sustainability	5	2	12		19	2	13.77%
Employees	1	4	6		11	3	7.97%
Society/Social/Social Impact	2	1	4		7	4	5.07%
Positive Impact	1	2	4		7	4	5.07%
Local Community	3		2		5	5	3.62%
Corporate culture	1	2	2		5	5	3.62%
Take responsibility/responsibility	1		4		5	5	3.62%
Customers		2	3		5	5	3.62%
Ethical	1	1	2		4	6	2.90%
Economic	1		3		4	6	2.90%
Health and Safety		1	2	1	4	6	2.90%
Reputation		1	3		4	6	2.90%
Profit/Bottom Line			4		4	6	2.90%
Cultural Change	1		2		3	7	2.17%
Operational efficiency			2	1	3	7	2.17%
Continuous improvement	1	1			2	8	1.45%
Enhance Reputation	1		1		2	8	1.45%
Compliance		1		1	2	8	1.45%
Regulations/Legal			2		2	8	1.45%
Motivation			2		2	8	1.45%
Financial	1				1	9	0.72%
Business Tool	1				1	9	0.72%
Employment	1				1	9	0.72%
Pollution	1				1	9	0.72%
engagement	1				1	9	0.72%
Process and procedures		1			1	9	0.72%
Stakeholders		1			1	9	0.72%
Future requirements			1		1	9	0.72%
Competitive advantage			1		1	9	0.72%
Negative impact			1		1	9	0.72%
Image			1		1	9	0.72%
Climate Change			1		1	9	0.72%
resource sharing			1		1	9	0.72%
Benchmarking			1		1	9	0.72%
Good neighbour			1		1	9	0.72%
Operational Impact			1		1	9	0.72%
Corporate Citizenship				1	1	9	0.72%
Business Stability				1	1	9	0.72%

Table 2 Word Analysis by Company size.

Key Word or Phrase	Major	SME	Small	Total	Rank	Occurrence
Environment/Environmental impact	11	8	1	20	1	14.81%
Sustainability	8	10	1	19	2	14.07%
Employees	7	4		11	3	8.15%
Positive Impact	4	2	1	7	4	5.19%
Society/Social/Social Impact	3	3	1	7	4	5.19%
Local Community	2	2	1	5	5	3.70%
Corporate culture	4	1		5	5	3.70%
Customers	3	1		4	5	2.96%
Take responsibility/responsibility	1	2		3	5	2.22%
Ethical	1	2	1	4	6	2.96%
Profit/Bottom Line	3	1		4	6	2.96%
Economic	2	1		3	6	2.22%
Health and Safety	2	1		3	6	2.22%
Reputation	1			1	6	0.74%
Operational efficiency	1	2	1	4	7	2.96%
Cultural Change	2	1		3	7	2.22%
Enhance Reputation	1	2		3	8	2.22%
Regulations/Legal	2	1		3	8	2.22%
Continuous improvement	1	1		2	8	1.48%
Motivation	1	1		2	8	1.48%
Compliance		1		1	8	0.74%
Process and procedures	1	1		2	9	1.48%
Stakeholders	1	1		2	9	1.48%
Negative impact	2			2	9	1.48%
Financial		1		1	9	0.74%
Pollution		1		1	9	0.74%
Competitive advantage		1		1	9	0.74%
resource sharing		1		1	9	0.74%
Benchmarking		1		1	9	0.74%
Operational Impact	1			1	9	0.74%
Corporate Citizenship	1			1	9	0.74%
Business Stability	1			1	9	0.74%
Business Tool	1			1	9	0.74%
Employment	1			1	9	0.74%
engagement		1		1	9	0.74%
Future requirements	1			1	9	0.74%
Image	1			1	9	0.74%
Climate Change	1			1	9	0.74%
Good neighbour		1		1	9	0.74%

Table 3 Word Analysis by Industry Sector

Key Word or Phrase	OA	General	Waste	Van	Total	Rank	Occurrence
Environment/Environmental impact	11	5	2	2	20	1	14.49%
Sustainability	11	7	1		19	2	13.77%
Employees	5	3	3		11	3	7.97%
Society/Social/Social Impact	3	1	1	2	7	4	5.07%
Positive Impact	3	2	2		7	4	5.07%
Local Community	2	2		1	5	5	3.62%
Take responsibility/responsibility	3	2			5	5	3.62%
Customers	3	1	1		5	5	3.62%
Corporate culture	1	2	2		5	5	3.62%
Reputation	1	2	1		4	6	2.90%
Health and Safety	1	2	1		4	6	2.90%
Profit/Bottom Line	3			1	4	6	2.90%
Ethical	2	1		1	4	6	2.90%
Economic	2	1		1	4	6	2.90%
Cultural Change	2	1			3	7	2.17%
Operational efficiency	1	2			3	7	2.17%
Continuous improvement		1	1		2	8	1.45%
Compliance		1	1		2	8	1.45%
Regulations/Legal	1			1	2	8	1.45%
Motivation	1	1			2	8	1.45%
Enhance Reputation	1		1		2	8	1.45%
Stakeholders	1				1	9	0.72%
Climate Change		1			1	9	0.72%
Operational Impact		1			1	9	0.72%
Financial		1			1	9	0.72%
Business Tool		1			1	9	0.72%
Pollution		1			1	9	0.72%
Process and procedures			1		1	9	0.72%
Future requirements				1	1	9	0.72%
Competitive advantage				1	1	9	0.72%
Negative impact	1				1	9	0.72%
resource sharing		1			1	9	0.72%
Benchmarking		1			1	9	0.72%
Good neighbour	1				1	9	0.72%
Corporate Citizenship	1				1	9	0.72%
Business Stability	1				1	9	0.72%
Employment			1		1	9	0.72%
engagement	1				1	9	0.72%
Image	1				1	9	0.72%