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NATIONAL AVIATION UNIVERSITY
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Logistics Department

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«BACHELOR»

THEME: «Management of corporate social responsibility of a logistics company»

Speciality 073 «Management»

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Київ 2020

NATIONAL AVIATION UNIVERSITY
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Academic degree Bachelor

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APPROVED
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TASK

FOR COMPLETION THE BACHELOR THESIS OF STUDENT

Valeriia G. Kurbatova

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1. Theme of the bachelor thesis: «Management of corporate social responsibility of a logistics company» was approved by the Rector Directive №553/CT. of May 04, 2020.
2. Term performance of thesis: from May 25, 2020 to June 21, 2020.
3. Date of submission work to graduation department: June 05, 2020.
4. Initial data required for writing the thesis: general and statistical information about corporate social activities, information of the company «Ekol Logistics», production and financial indicators of the company «Ekol Logistics», literary sources on corporate social responsibilities, Internet source.
5. Content of the explanatory notes: introduction, the essence of the corporate social responsibility; the trends of corporate social activities among logistics companies in the Ukrainian market; the activity analysis of the company «Ekol Logistics»; identification of weaknesses of CSR of the company; implementation of free online school and paid internship; construction the Gantt Chart of the projects; calculation of the economic effect of the proposed project of implementation of paid internship; conclusions and appendix.
6. List of obligatory graphic matters: tables, charts, graphs, diagrams illustrating the current state of problems and methods of their solution.

7. Calendar schedule:

№	Assignment	Deadline for completion	Mark on completion
1	2	3	4
1.	Study and analysis of scientific articles, literary sources, normative legal documents, preparation of the first version of the introduction and the theoretical chapter	25.05.20-27.05.20	Done
2.	Collection of statistical data, timing, detection of weaknesses, preparation of the first version of the analytical chapter	28.05.20-29.05.20	Done
3.	Development of project proposals and their organizational and economic substantiation, preparation of the first version of the project chapter and conclusions	30.05.20-01.06.20	Done
4.	Editing the first versions and preparing the final version of the master thesis, checking by standards inspector	02.06.20-03.06.20	Done
5.	Approval for a work with supervisor, getting of the report of the supervisor, getting internal and external reviews, transcript of academic record	04.06.20	Done
6.	Submission work to Logistics Department	05.06.20	Done

Student _____
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Supervisor of the bachelor thesis _____
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8. Consultants of difference chapters of work:

Chapter	Consultant (position, surname and name)	Date, signature	
		The task was given	The task was accepted
Chapter 1	Senior Lecturer, Semeriahina M.	25.05.20	25.05.20
Chapter 2	Senior Lecturer, Semeriahina M	28.05.20	28.05.20
Chapter 3	Senior Lecturer, Semeriahina M	30.05.20	30.05.20

9. Given date of the task May 25, 2020.

Supervisor of the master thesis: _____
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Task accepted for completion: _____
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ABSTRACT

The explanatory notes to the bachelor thesis «Management of corporate social responsibility of a logistics company» comprises of 80 pages, 17 figures, 20 tables, 4 appendix, 71 references.

KEY WORDS: CORPORATE SOCIAL RESPONSIBILITY, CORPORATE SOCIAL ACTIVITIES, COOPERATION WITH UNIVERSITIES, ONLINE SCHOOL, PAID INTERNSHIP

The purpose of the research is to study the foundations and activities within the corporate social responsibility and to develop project recommendations for improving the corporate social responsibility policy at the logistics enterprise.

The subject of the investigation is the improvement of CSR policy in the logistics company «Ekol Logistics».

The object of the research is CSR activities by the logistics company «Ekol Logistics».

Methods of research are analysis, synthesis, induction, deduction, modeling, generalization.

Materials of the thesis are recommended for use during scientific research, in the educational process and in the practical work of specialists of logistics departments.

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NOTATION

CSR	– Corporate Social Responsibility;
FMCG	– Fast Moving Consumed Goods;
CEO	– Chief Executive Officer;
CEO	– Chief Executive Officer;
ULD	– Unit Load Device;
CMR	– Cargo Movement Requirement;
WMS	– Warehouse Management System;
MFS	– Management Flow System;
ET	– Expected Time;
IT	– Information Technology;
NPV	– Net present value;
IRR	– Internal Rate of Return;
DPP	– Discounted Payback Period;
PV	– Present Value.

INTRODUCTION

Corporate social responsibility (CSR) is the fulfillment by organizations of social obligations prescribed by law, and their willingness to bear the corresponding mandatory costs. CSR policy has a great influence on the world market and plays an important role. A strong CSR policy enables the company to develop and expand its influence, among other beneficial opportunities.

In the context of globalization, an unstable external environment and high competition, corporate social responsibility is extremely relevant. It allows companies to increase the effectiveness and profitability, as well as increase competitiveness. Therefore, a company that develops its CSR activities has a wider environment of influence and responsibility, and therefore it should qualitatively and reliably think over the strategy and policy of CSR.

Analysis of research and publications. The structure of CSR, the main functions, components and motivations of CSR, the characteristics of the parties involved in the CSR policy of the company were developed and described by T. Cannon, A.B. Carroll, K.M. Shabana and G. Windsor [6].

The conceptual framework of CSR, business case analysis and responsibility in the 21st century, environmental research and analysis, the impact of CSR on the environment have been described by John O. Okpara, Samuel O. Idowu and Jean D. Kabongo [7].

The purpose of the bachelor thesis is to research corporate social responsibility, its structure and types of activity, the impact of CSR, the ways of implementing CSR, well-known projects within the framework of CSR activities and improving the CSR policy of the logistics company Ekol Logistics.

In order to achieve this goal, the following tasks were set:

1. Theoretical aspects of corporate social responsibility:
 - definition and principle of CSR;
 - CSR structure;

- trends in CSR activities in international companies and their comparison.

2. To analyze the CSR's processes of the company Ekol Logistics, study the CSR activities of the enterprise and develop a project to improve the CSR policies of the company Ekol Logistics:

- analysis of current CSR policies and identifying trends in the development of CSR areas of Ekol Logistics;
- develop an integrated approach for the implementation of CSR projects in the company;
- implementation of CSR's concepts and processes into the practice of the logistics company Ekol Logistics through the realization of a project of implementation of a free online school and paid internship in a logistics company;
- development of the rationality of the management decision to create a free online school and paid internship for students in CSR company policy Ekol Logistics.

The object of the study is the corporate social activity of the company Ekol Logistics.

The subject of the study is the improvement of corporate social activities Ekol Logistics.

The synthesis method was used to determine the impact of CSR policies on company activities. The analysis method was used to study the activities of the company. The method of deduction and induction was used to talk about the general picture of corporate social activities of the company and its possible improvement. The modeling method was used to create a model of the object of study in order to more successfully simulate possible situations and obtain results. The generalization method was used to emphasize the general conclusions regarding the completed project.

MS Visio was used to build diagrams and a conceptual model.

MS Project was used to build the Gantt chart project.

MS Excel was used for construction of figures and graphs for the analytical chapter and calculation of the economic effect on the recommendation of the project.

CHAPTER 1

THEORETICAL ASPECTS OF CORPORATE SOCIAL RESPONSIBILITY OF LOGISTICS COMPANY

1.1 Definition and main principles of Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the company's responsibility for the direct and indirect impact on the economic, environmental and social aspects in which it is embedded [49]. Within this concept, companies take into account the interests of society and take responsibility for the impact of their activities on customers, suppliers, employees, shareholders, local communities and other aspects of the public sphere. In addition, organizations voluntarily take additional measures to improve the quality of life of employees and their families, the local community and society as a whole [50].

Corporate social responsibility is the voluntary activity of organizations to comply with high standards of operating and production activities, social standards and quality of work with staff, minimizing the harmful effects on the environment and so on. This helps to build a trusting relationship between business, society and the state and to improve business performance and profitability in the long run [65].

There is a standard that describes the norms and principles, main problems and topics and other aspects of corporate social responsibility – ISO 26000:2010 Guidance on social responsibilities or ISO SR (Social Responsibility). ISO 26000: 2010 provides guidance to all types of organizations, regardless of their size or location [25].

This standard provides information about:

- concepts, terms and definitions related to social responsibility;
- the background, trends and characteristics of social responsibility;
- principles and practices relating to social responsibility;

- the main subjects and issues of social responsibility;
- integrating, implementing and promoting socially responsible behavior through the organization and, through its policies and practices, within its sphere of influence;
- identifying and engaging with stakeholders, etc [35].

In Table 1.1 presented the limits of its responsibilities [26, 35].

Table 1.1—Responsibilities of the ISO 26000:2010

#	Standard ISO 26000:2010 intended:	Standard ISO 26000:2010 not intended:
1.	Voluntary use	Mandatory or contractual application
2.	Useful for organizations of all types, both large and small, operating in both developed and developing countries	Not intended and not suitable for certification purposes
3.	To assist organizations in contributing to sustainable development	Replace or change the obligations of the state
4.	To encourage organizations to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility	To provide an appropriate basis for legal action, complaints, defense in court or other statements in any international, national or other legal proceedings
5.	To promote common understanding in the field of social responsibility	To change the legally defined obligations of the organization
6.	To complement other instruments and initiatives for social responsibility	To create non-tariff barriers to trade

Also there is standard ISO 14001:2015, which indicates the development of effective environmental management systems. This standard specifies a process for the control and the continuous improvement of an enterprise's environmental performance. The management tool enables enterprise to identify and control the environmental impact of its activities, products and services; to continuously improve its environmental performance; and, to implement a systematic approach to set and achieve environmental objectives and targets [24].

By implementing ISO 14001 standard, companies may receive such advantages as:

- increasing in demand for services and products through a marketing advantage;
- lowering business costs through reducing resource consumption and waste production;
- improving environmental performance, reducing environmental impact and controlling environmental risk;
- achieving environmental commitments and environmental policy requirements;
- meeting environmental legal requirements;
- committing to social responsibilities;
- promoting a positive image with stakeholders, customers and employees; and
- retaining environmental knowledge and ensuring information is effectively communicated [24].

There are stakeholders involved in different aspects of social responsibility, which includes: the state, industry, consumers, workers, non-governmental organizations and organizations that provide services, support and conduct research in the field of social responsibility [26]. First of all, for the logistics enterprise, stakeholders are: investors and shareholders, workers, customers, suppliers and state (Figure 1.1).

During developing of CSR, it is possible to trace the relationship of the impacts, interests and expectations shown in Figure 1.2.

With the development of corporate social responsibility, three relationships arise between the enterprise, interested party, and society.

The relationship between the organization and society: the activities and decisions of the enterprise have a direct impact on society, which in turn has certain expectations for the company.

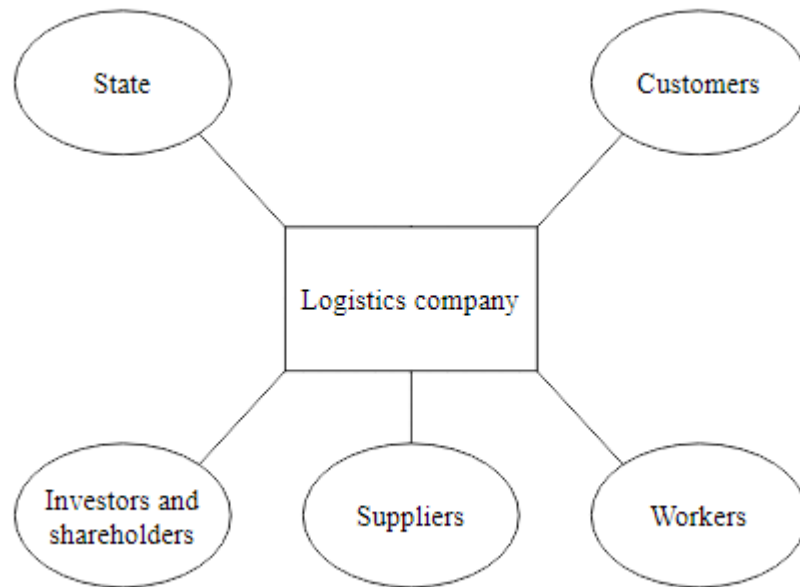


Figure 1.1 – Stakeholders of the CSR for logistics enterprise

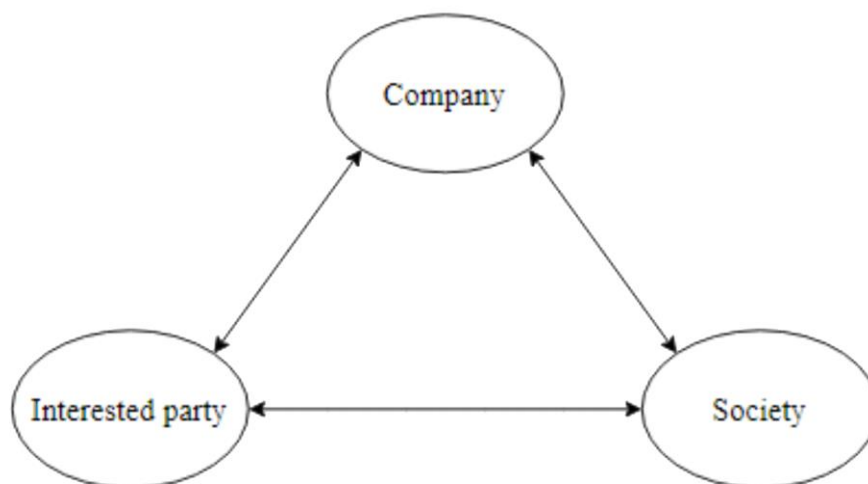


Figure 1.2 – Relationship of the impacts, interests and expectations within CSR

The relationship between the organization and interested party: the decisions and activities of the company have a potential and real impact on individuals and counterparties. This impact is the basis of «interest», which forces companies or individuals to be considered as interested party.

The relationship between stakeholders and society. An organization should understand the relationship between the interests of stakeholders that are influenced by the organization, on the one hand, and the expectations of society, on the other.

Although stakeholders are part of society, they may have interests that do not meet society's expectations. Stakeholders have unique interests in relation to the organization, which may differ from the expectations of society regarding socially responsible behavior on each of the issues. For example, the supplier's interest in getting paid, and the community's interest in enforcing contractual terms can be different sides of the same issue [26].

CSR represents a wide range of issues and the relative success of the various social and environmental investments varies significantly and is determined by a wide range of individual, organizational, and inter-organizational factors. For example, disagreement among managers, the company's financial situation, and the nature of the company's operations may all have a significant impact on how CSR is implemented in practice. Figure 1.3 provides a list of some of the features that are determine the direction of CSR in company: consciousness, capacity, commitment and consensus. The success factors are not only internal to the company. In accordance with the stakeholder perspective, they must also be seen in relation to the external stakeholders, i.e. suppliers, customers, community groups and public authorities [6].

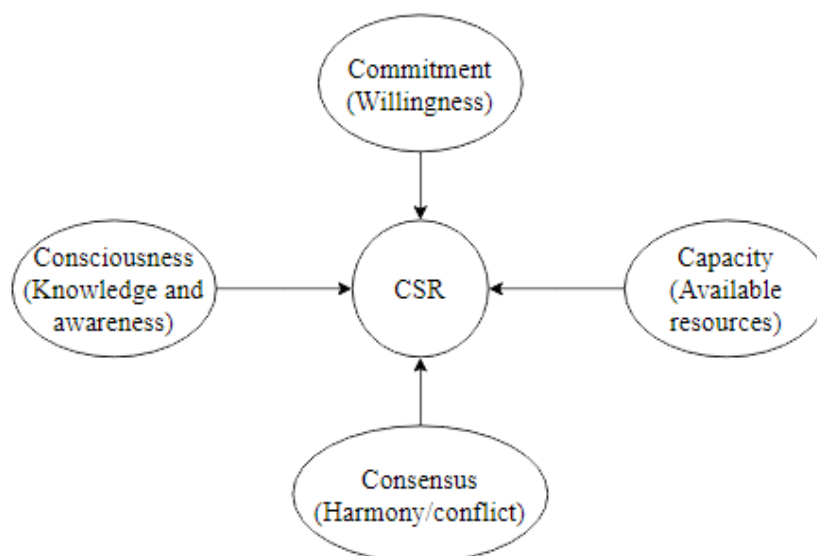


Figure 1.3 – Four factors influencing applying of CSR

Consciousness is about CSR awareness among the members of the enterprise and the external stakeholders. In general, CSR is unlikely to be put on the corporate agenda if managers, employees, suppliers or customers are unaware of societal impacts of their activities and the business-related potentials of CSR.

Capacity refers to the physical, organizational and human resources that enable the company to achieve its economic, social and environmental objectives. It is reasonable to believe that it will be easier for companies with sufficient resources to engage in CSR activities as compared with companies that face serious resource constraints. Companies with excess resources have the capacity to make CSR investments, analysis of social demands, and grow specialized skills and competencies in developing good relationships with the stakeholders.

Commitment concerns the willingness to give priority and allocate resources to a certain issue.

A high level of consensus, i.e. the degree to which the enterprise's members and external stakeholders agree on CSR and it must be considered a precondition for a successful implementation of social and environmental initiatives [6].

There are considered three groups of drivers to implement CSR according to Esben R.G. Pedersen:

1. Instrumental.
2. Institutional.
3. Emotional.

Instrumental motives mean that CSR is run by business-related process, such as reduction of risks, cost-saving, etc.

Institutional motives means that company adopts its CSR because of three reasons:

1. Company was forced to do so.
2. Company tries to imitate other successful organizations.
3. CSR is considered as a normal business practice, so company adopts it.

Emotional drivers are implied because company thinks that CSR is the morally right thing to do [6].

Below in Figure 1.4 are provided three drivers of CSR.

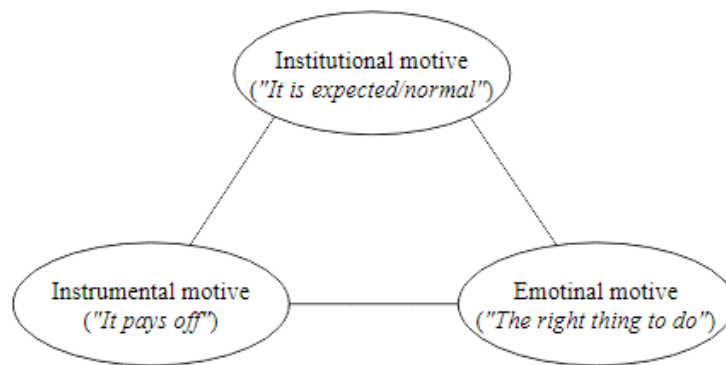


Figure 1.4 – Motives of implementation of CSR

CSR concepts focuses on corporate self-regulation mainly associated with ethical issues, human rights, health and safety, environmental protection, social and environmental reporting, and voluntary initiatives involving support for community projects and philanthropy (Figure 1.5) [7].

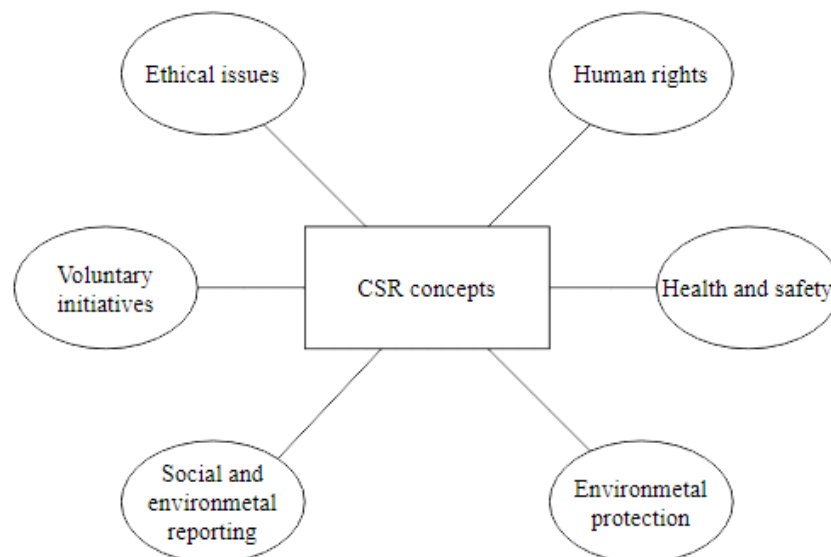


Figure 1.5 – CSR concepts

As mentioned above, CSR influence on such aspects as: economy, society and the environment. In addition, it has an impact on politics, ethics and the

psychological aspect, but below I will consider the three aspects that are involved in maintaining corporate social responsibility for logistics company: economical, social and ecological. In Table 1.2 are provided examples of activities, which include in social, economical and ecological structures.

Table 1.2 – Activities of CSR’s aspects for logistics company

No.	Social:	Economical:	Ecological:
1.	Cooperation with universities (practices for students, internships, excursions, lectures)	Innovations	Recycling/disposal/reduction of enterprise’s wastes
2.	Investments in non-profit projects, sponsorship, charity and other voluntary initiatives	Risk management	Workers' healthcare
3.	Providing/improving the quality of life of workers and their families, trainings, courses	Efficient use of resources	Eco packaging, environmental solutions, green logistics
4.	Interviews for articles	Product life cycle management	
5.	Social and environmental reporting	Employment	
6.	Ethical issues	Business transparency and accountability	

Corporate social responsibility provides measurable benefits to businesses. One of the arguments made in favor of CSR is business's long-term self-interest to be socially responsible. If business is to have a healthy environment in which to operate in the future, it must take actions now that will ensure its long-term survival. A second argument in favor of CSR is based on the notion that future government intervention can be avoided if business policies fulfill society's expectations. Another justification for CSR that anticipation, planning, and initiation are more practical and less costly than simply reacting to social problems once they have appeared [7, p.8].

Maintaining a good reputation remains an important benefit that affects almost all levels of organizational function. Corporate social responsibility projects can effectively build and enhance an enterprise's reputation. By developing a solid corporate social responsibility program, companies can expand their business, attract new customers, improve shareholder value, and develop better relationships with local communities. Additionally, a firm can achieve a competitive advantage by attracting additional loyal customers because of its positive image. In addition to CSR activities enhancing a firm's ability to attract new consumers and investors, employees, too, express a preference for working for more socially responsible companies [7, p.8].

By implementing certain CSR programs enterprises may improve their competitiveness. Stakeholders currently require corporations behave ethically in their dealings with the public as well as engaging in a socially responsible manner. These requirements should be seen as opportunities rather than limitations for corporations. Companies strategically manage their resources to meet these requirements and exploit the opportunities associated with them for the benefit of the enterprise. Companies can build their competitive advantage through CSR programs and initiatives by carefully crafting a unique strategy that aligns their corporate strategies with CSR programs. This unique strategy can serve as a basis for setting a firm apart from its competitors and, accordingly, its competitive advantage. Corporate social responsibility initiatives can also contribute to strengthening a firm's competitive advantage through enhancing its relationships with its customers [7, p.10].

1.2 International logistics companies CSR programs' trends

Let's consider CSR programs and activities of international logistics companies.

Kuehne+Nagel is international transport and logistics company headquartered in Schindellegi (Switzerland). The company provides services for sea, air and road

freight, warehousing, contract and project logistics providing IT solutions, customs brokerage [27].

According to official website of the company, it is following such CSR concepts:

Environmental protection:

- Net Zero Carbon Program provides visibility of CO2 emissions per service loop and port to port routing. The Net Zero Carbon program leverages three fields of action: detection, reduction and compensation of CO2 [29, 28];
- investing in various nature-based CO2 compensation projects [28];
- recycling or re-usage of all waste [3];
- implementation of renewable energy [3];
- training programs to maintain and expand the environmental awareness among employees [3];

Health and safety [31]:

- offers No Harm Training Modules, in which awareness of the hazards at the workplace is raised;
- Stop Work Authority Program, which ensures intervention when unsafe situations occur.

Voluntary initiatives:

- lectures at universities;
- free online webinars;
- since the beginning of March, Kuehne + Nagel has imported some 300 million face protection masks for its customers via airfreight from Asia [19];
- Kuehne + Nagel has been working since 2004 to provide access to clean drinking water [34];

Social and environmental reporting:

- providing of financial information in free access [19];
- company publishes everyday situation about pandemic impacts on its activities and provides alternative solutions [5].

Below in Figure 1.6 are represented all concepts of CSR, provided by Kuehne+Nagel International.

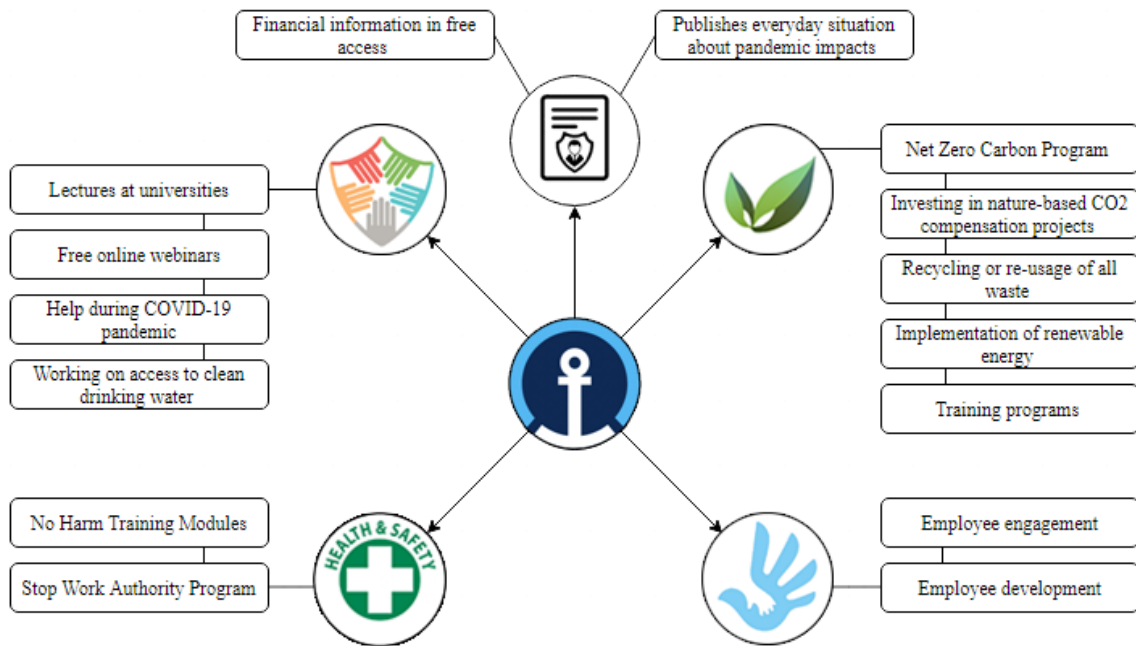


Figure 1.6 – CSR concepts provided by Kuehne+Nagel International

DHL is German courier, parcel, and express mail service which is a division of the German logistics company Deutsche Post DHL. DHL is the world's largest logistics company, which operates in over 220 countries and territories worldwide, particularly in sea and air mail [10].

DHL supports the following CSR concepts:

Environmental protection:

- projects «GoGreen» which developed measures to improve the carbon efficiency of company's air and road transport operations as well as buildings and facilities [13];

- invests in climate protection projects, supports a mix of projects such as energy efficiency, water supply or renewable energies [4];

- green optimization: company identifies ways in which customers can reduce emissions, waste and other environmental impacts [20];

- company provides carbon reports in order to give customers transparency with regard to their logistics-related emissions [20];
- provision of climate neutral products and services [20];
- company has comprehensive subcontractor management system, which measures fuel consumptions and greenhouse gas emissions of subcontractors [30];
- company participates in programs such as SmartWay program of the United States Environmental Protection Agency's, and has played an active role in founding the Green Freight Europe and Green Freight Asia initiatives [30].

Human rights [1, p.55]:

- employee engagement: DHL conducts annual Group-wide Employee Opinion Survey (EOS) to assess employee engagement levels, and uses results to calculating managers' bonuses;
- employee development: employees participated in certified training courses.

Health and safety:

- company provides Group-wide Employee Benefits Program, which gives employees and their dependents opportunity to receive primary or supplementary healthcare in over 100 countries [21].

Voluntary initiatives:

- company publishes free podcasts about logistics on its website;
- DHL's employee volunteers arrived in Costa Rica on April 1, 2020, to assist Costa Rica National Emergency Commission (CNE) with setting up a distribution center to manage incoming COVID-19 related supplies [9];
- provision of Global Volunteer Day;
- project «GoHelp» with provision of support in event of disaster. In cooperation with the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), company has established a global network consisting of around 500 specially trained employees who volunteer their time to be a part of Disaster Response Teams (DRT) [11];
- project «GoTeach» include cooperation with global partners such as SOS Children's Villages and the educational network Teach For All, in order to improve

the employability of young people, especially those from disadvantaged socio-economic backgrounds due to poverty, loss of family and fleeing [22].

Company provides annual social and environmental reporting and support business transparency on its official website.

Below in Figure 1.7 are represented supported by DHL CSR concepts.

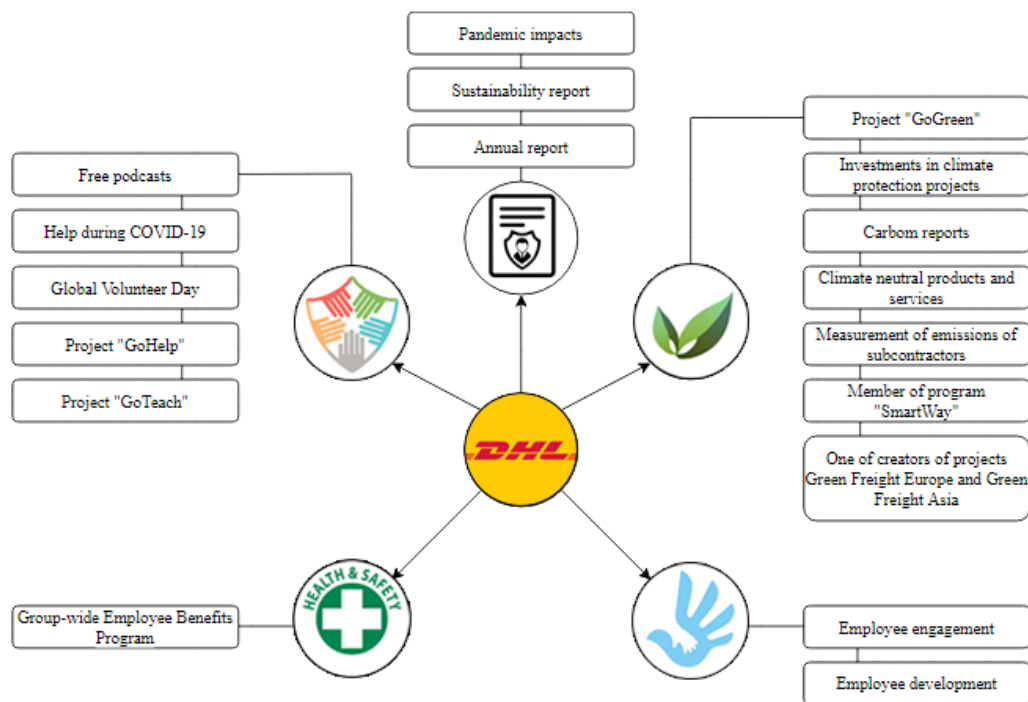


Figure 1.7 – DHL’s corporate social responsibility concepts

Fedex is an American company providing postal, courier and other logistics services worldwide [14]. In Figure 1.8 are represented CSR activities of FedEx. Below is provided the CSR concepts, which company supports.

Environmental protection [16]:

- provision of intermodal transportation;
- reduction of fuel usage and greenhouse and other emissions;
- company uses energy management systems on its premises;
- provides recyclable packaging;
- use of alternative fuel strategies;

- innovative last-mile delivery solutions, including use of robots (Roxo™, the FedEx SameDay Bot) and drones,
- optimization of urban package delivery.

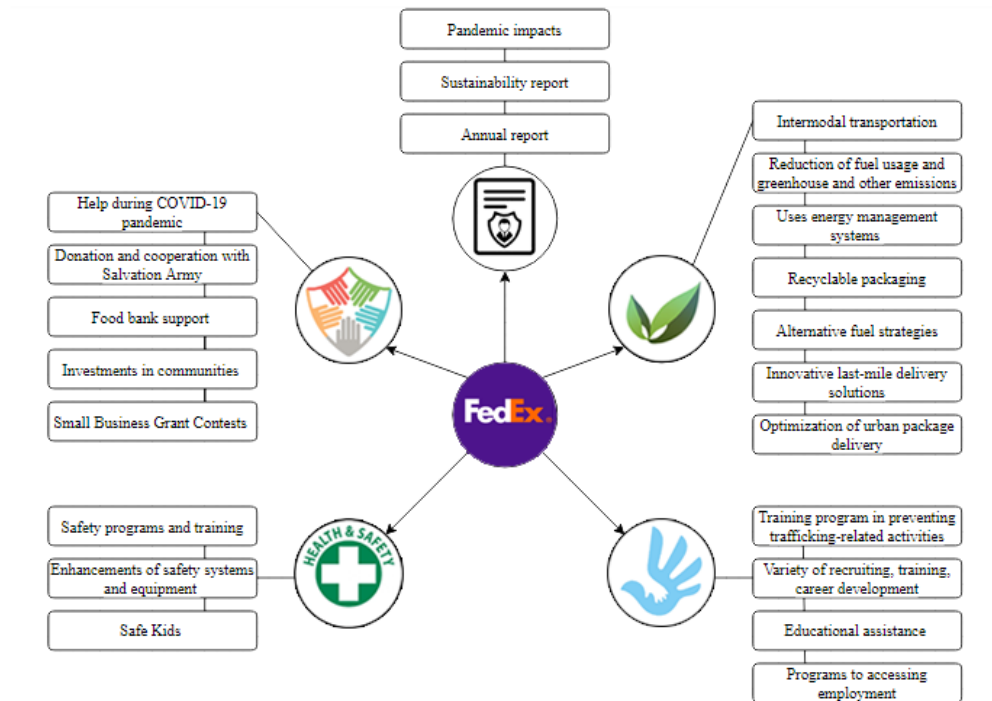


Figure 1.8 – CSR activities of FedEx

Human rights [16]:

- training program to educate, equip, empower, and mobilize select team members in preventing trafficking-related activities;
- provision of variety of recruiting, training, career development;
- educational assistance opportunities, including internships, scholarships, mentoring, and tuition support;
- company provides programs to support youth, women, veterans, and others in accessing employment.

Health and safety [16]:

- driver safety programs and training;
- enhancements of safety systems and equipment (for example, special device provided to team members who work alone, in order to summon help in an

emergency situations or audible turn-by-turn directions installed in the delivery vehicle, etc.);

- support of community-based road safety programs, such as Safe Kids [16].

Voluntary initiatives:

- provided delivery of personal protective equipment and critical supplies to organizations around the world during COVID-19 pandemic [15];

- FedEx donated brand-new Mercedes Sprinter van to the Salvation Army as part of the FedEx Cares Delivering for Good initiative. This vehicle helps to service homeless people with warm meals [32];

- FedEx's workers supports food bank by supplying food to needed people or donate meals to food bank during pandemic [17, 8];

- investments in communities [16];

- FedEx provides Small Business Grant Contests [16].

FedEx annually publish Annual report and Sustainability report [16]. Also, during COVID-19 pandemic company published about its operations, answered frequently asked questions and create page on its website dedicated to this [18].

1.3 Summary chapter 1

Corporate Social Responsibility is a number of companies' activities, which influence environment in social, ecological, economical, political and psychological aspects. Through these activities companies have possibility to improve quality of life, quality of ecological state of environment and reduce dangerous impacts on it.

From analysis of CSR activities of Kuhne+Nagel, DHL and FedEx, it is possible to conclude that all companies have emphasis on environment protection and voluntary activities in its CSR policies, but also don't forget about human rights, health and safety of workers and publics, and provide social and environmental reports.

CHAPTER 2

ANALYSIS OF CSR'S PROCESSES OF EKOL LOGISTICS IN UKRAINE

2.1 Portfolio of Ekol Logistics

Ekol Logistics is a logistics company, which was founded in 1990. In 2003 Ekol's transport software Quadro was created. Also company uses Rainbow warehouse software in its operations. Company provides high quality services: international and domestic transportations, warehousing, foreign trade, customs services and supply chain management, which are available in 15 countries [12].

Ekol Logistics is one of leading logistics providers in Europe. Its distribution centers is over 1 000 000 square meters. The company has warehouses in Turkey, Germany, Italy, Greece, France, Ukraine, Bosnia and Herzegovina, Romania, Hungary, Spain, Poland, Czech Republic, Bulgaria and Slovenia. Ekol provides intermodal services with 2 ferries and fleet of 5 500 cars [59].

Ekol Logistics entered into Ukrainian market in 2012 and signed the agreement with Komora, which 53% of the company's shares are belong to Ekol. Logistics company «Komora» was founded in 2001 in Kyiv. In 2013 Komora-S became a part of the international group of companies Ekol Logistics [40].

The most famous partners Ekol Ukraine collaborated with: Henkel Ukraine, Procter & Gamble, SC Johnson, GlaxoSmithKline, Marks & Spencer, Danfoss, AS Watsons, B. Braun, Good Wine, STIHL, Cadbury, HIPPI Ukraine, ONDULINE, POLAIR, Melon Fashion Group, Cosmo, Business Yellow Pages Ukraine, Johnson & Johns , TechnoNIKOL, SAVSERVICE, etc [71]. In 2016, Ekol helped establish a supply chain in Ukraine for an international company United Nations (UN) [68].

Ekol Logistics is part of Asnova Holding, which also includes companies such as Ipland, Wine Time, Esma, Bel Gusto, Benice, Savservice and others. All these companies also cooperate with the Ukrainian Ekol office [71].

Ekol Ukraine mainly operates in contract logistics, but also offers tailor-made solutions and high-quality services on international and domestic market and customs clearance. Ukraine departure of the company has a good reputation and experience with a lot of global brands in Contract Logistics and International Land Transportation.

The Ukrainian office of Ekol provides transportation of groupage cargo from Turkey, Germany, Poland, Belgium, the Netherlands, Luxembourg and other countries to Ukraine. Ekol Ukraine also provides full-load truck round trips to European countries. Providing domestic and international transportation services, the company carries out about 300 shipments every month [36].

Ekol Ukraine operates 61 000 square meters warehouses, and about 1000 trailers, trucks and other transport [64]. All warehouses operated by Ukrainian Ekol are leased.

On highway M06, which connects Kyiv, Zhytomyr and Lviv, is located the main warehouse of Ekol Ukraine called Ruta. It serves more than 50 customers. The total area of the Ruta warehouse is 35,000 square meters. Ruta is equipped for non-food products, which are served in addition to clothing brands such as LC Waikiki, Colin's, LTV and others, as well as international FMCG companies [69, 64].

Internal transportation of the Ukrainian office of Ekol is carried out in all Ukrainian cities. The company ensures the delivery of goods from production to store shelves, and is also involved in the inventory management processes of its customers, optimizing their business processes. Ekol Ukraine delivers over 15,000 deliveries per week [37].

The company also provides warehouse cross-docking services in 17 cities of Ukraine: Kyiv, Chernihiv, Dnipro, Zaporizhia, Vinnitsa, Zhytomyr and others. This helps to ensure efficient and timely delivery within the country.

Ekol Ukraine can provide a wide range of customs clearance services as for importers, as for exporters. The following helps in providing these services: flexible innovative programs, a customer-oriented approach, fast processing of documents

and company's specialists at customs points. The company informs the client at each stage of customs clearance [62].

In addition, Ekol serves customers from various industries (textiles, manufacturing, the automotive sector, retail, FMCG Logistics, electronics, chemistry and more). Company provides special services for each sector and, in addition, offers his customers additional services, for example, for textile sector: ironing, bar coding, quality control, gift wrapping, etc [63, 61].

Also Ekol provides project transportation services for energy, industrial, fuel, gas, mining and construction industries. These services include combined transportation of heavy loads, storage, transfer of goods, securing and packing of goods, monitoring of orders, provision of cranes, cargo insurance, clearance of CMR and other documents, etc [60].

Ekol Ukraine has a hierarchical treelike structure, which arises from the top till down (Appendix A). In such structure all elements are subordinate previous one, except one – the first on the top. CEO controls all departments' top managers, who control subordinates.

Subsystems of the enterprise interact with each other only at the level of information – there are no horizontal links that could organize the matrix system. If this were a matrix system, then one department would set the task to another, but such organization is not observed in the organization structure of this company. All information passes through the CEO and all decisions regarding operations and application of plans are provided by him.

2.2 Commercial and finance analysis of the Ekol

Since Ukrainian office does not provide open access to financial information, activity reports, the following are given about the Ekol Logistics as a whole.

Below is represented industry turnover statistics (Fig. 2.1). According to the information provided by the company, 26,81% of the company's activities are occupied by Automotive, 13,87% of operations are focused on the Textile industry. 12,68% of the company's activities are occupied by the Manufacturing sector. In Services focused 18,68% of Ekol Logistics's activity. FMCG occupies 5,83%, Healthcare and Retail occupy 3,81% and 1,49%. Other industries account for 16,84% of the company's business [55].

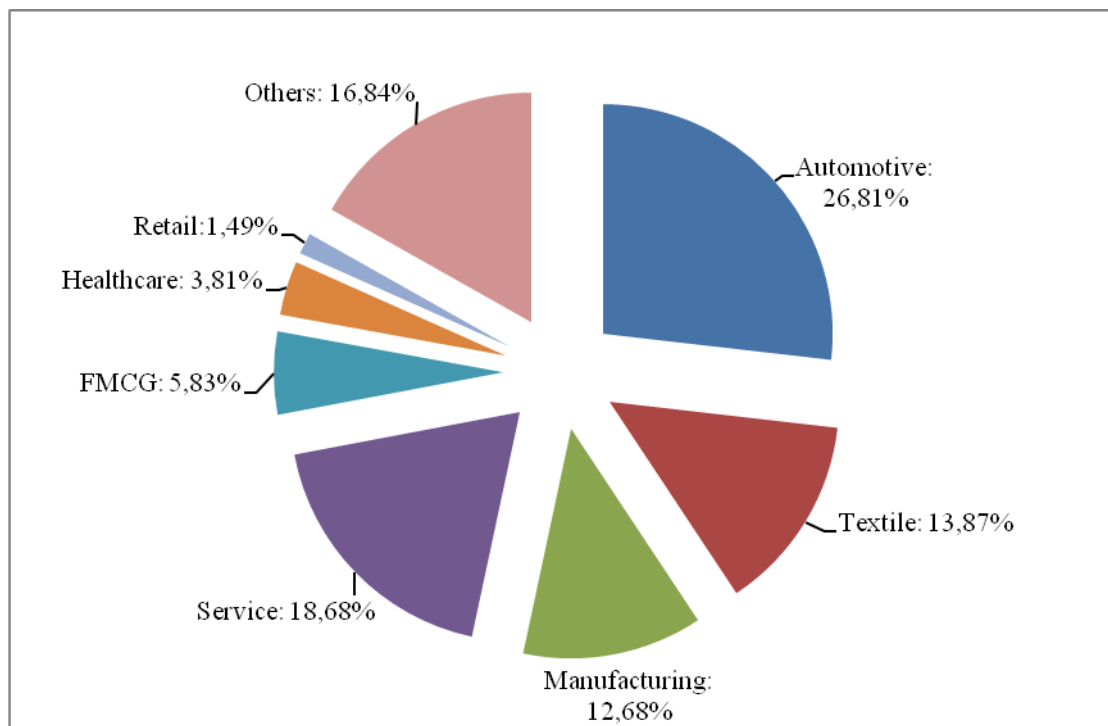


Figure 2.1 – Turnover by industries, %

Turnover by the services provided by Ekol is on Figure 2.2. It is clear that in addition to contract logistics, company is much more focused on road freight logistics, international operations and domestic distribution.

Most of the company's activities takes Road freight, which makes up 57,01% of the total number of services provided. In second place after this are International operations, which account for 18,14%. Contract logistics accounts for only 13,12% of the total number of services provided. Domestic distribution occupies 6,84%, Sea and air freight 3,28% and Customs clearance 0,73% [55].

From this it is clear that the company has an extensive list of services, in addition, it diversifies its services, expanding offers and the way of providing services, trying to find an individual approach to the client.

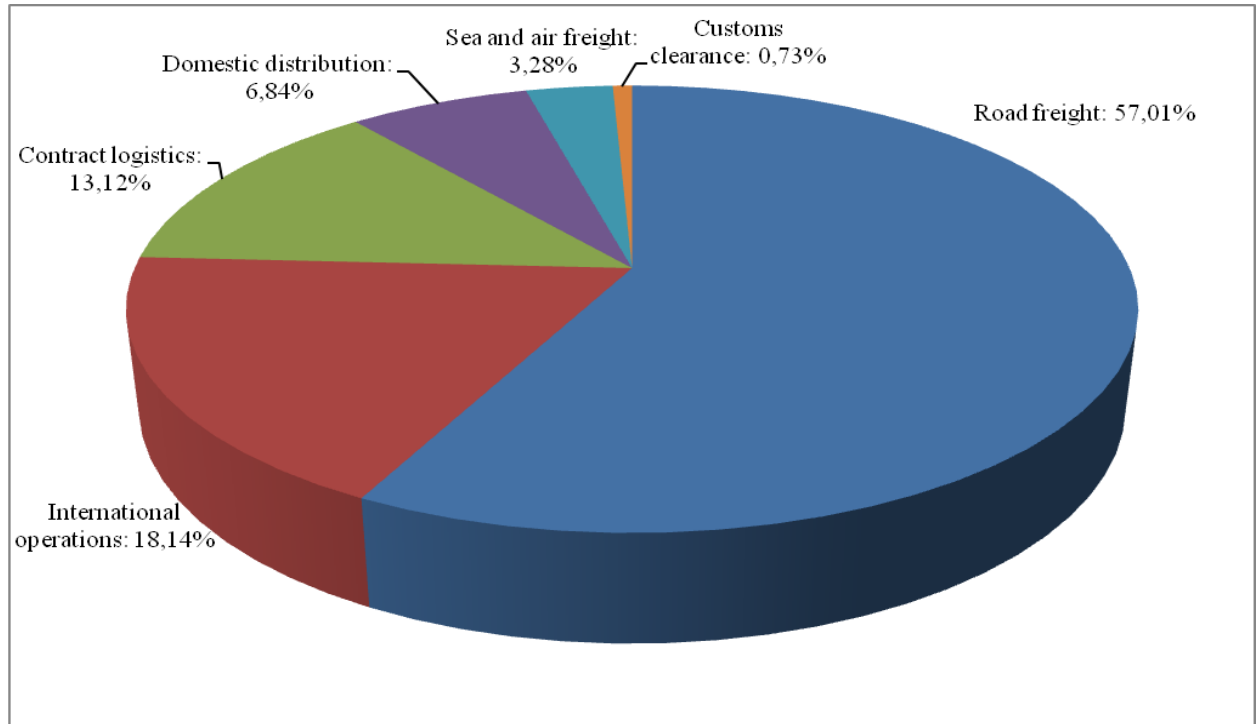


Figure 2.2 – Ekol's turnover by services

Data in Table 2.1 and on Figure 2.3 shows that almost every year the capacity of the company's warehouses increased. In 2012 and 2013, the capacity of Ekol warehouses amounted to 400 016 m², and in 2014 decreased to 395 975 m². However, over the following years, this number only increased. So in 2015 the capacity of the company's warehouses was 472 618 m², which exceeded the capacity of previous years. In 2016, this number increased to 562,784 m², and in 2017, the capacity of Ekol's warehouses reached 1,000,000 m², allowing the company to operate with much larger areas to satisfy more customers [58].

Table 2.1 – Ekol's warehouse capacity, m²

No.	Year	Warehouse capacity
1	2	3
1.	2012	400 016
2.	2013	400 016

End of Table 2.1

1	2	3
3.	2014	395 975
4.	2015	472 618
5.	2016	562 784
6.	2017	1 000 000

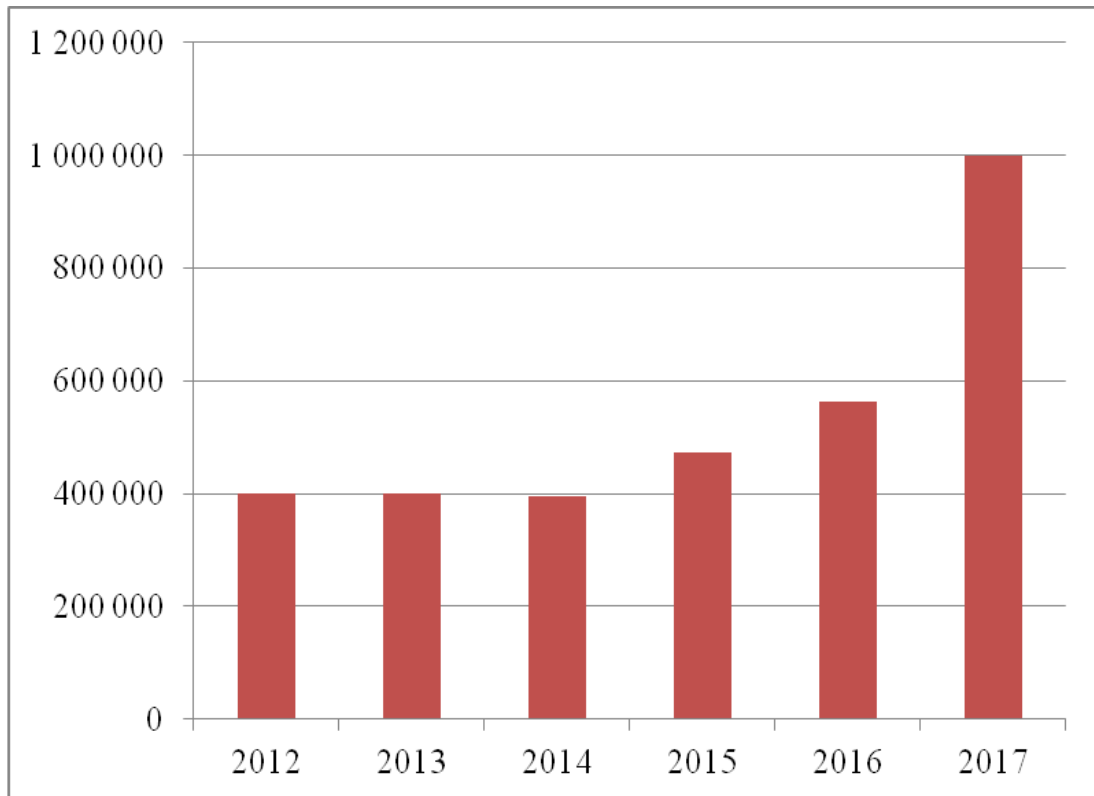


Figure 2.3 – Ekol's warehouse capacity

Ekol's sales turnover in euro is presented in Table 2.2 and on the Figure 2.4 is shown the curve of changes in sales over seven years. In 2013, sales of Ekol reached 367,205,029 euro. In 2014, this amount increased by 36 510 659 euro and reached 403 715 688 euro. In 2015, the number of sales also increased, but amounting to over one hundred million and amounted to 503,886,000 euro. In 2016, sales increased by 61,415,933 euro and amounted to 565,301,933 euro, and in 2017 reached 601,715,320 euro. However, in 2018, the amount of sales decreased by almost thirteen million and amounted to 587,942,715 euro. In 2019, sales also fell and amounted to 573,499,561 euro [55].

Data of annual taxes of Ekol are shown in Table 2.3 and it's dynamics are presented on Fig. 2.5.

Table 2.2 – Ekol's sales turnover in euro

No.	Year	Sales, euro	Deviation, %
1.	2013	367 205 029	-
2.	2014	403 715 688	9,94
3.	2015	503 886 000	24,81
4.	2016	565 301 933	12,19
5.	2017	601 715 320	6,44
6.	2018	587 942 715	-2,29
7.	2019	573 499 561	-2,46

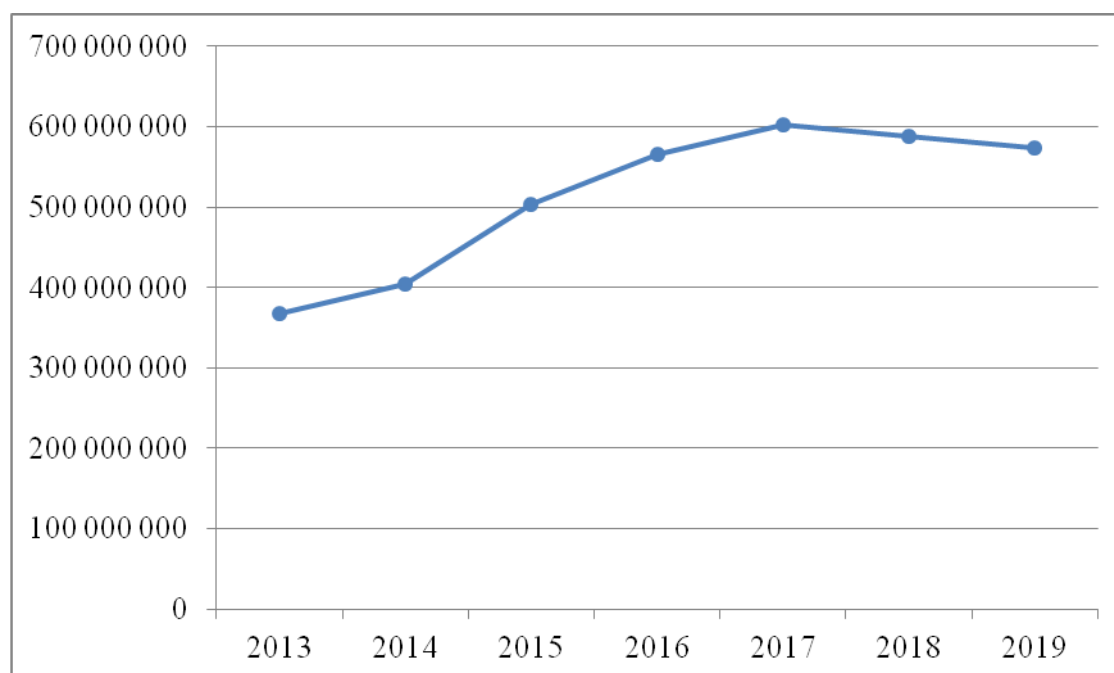


Figure 2.4 – Ekol's sales turnover in euro

Table 2.3 – Annual taxes of Ekol

No.	Year	Taxes, euro
1.	2012	20 995 487
2.	2013	22 628 722
3.	2014	21 598 890
4.	2015	25 101 692
5.	2016	25 855 293
6.	2017	14 506 978

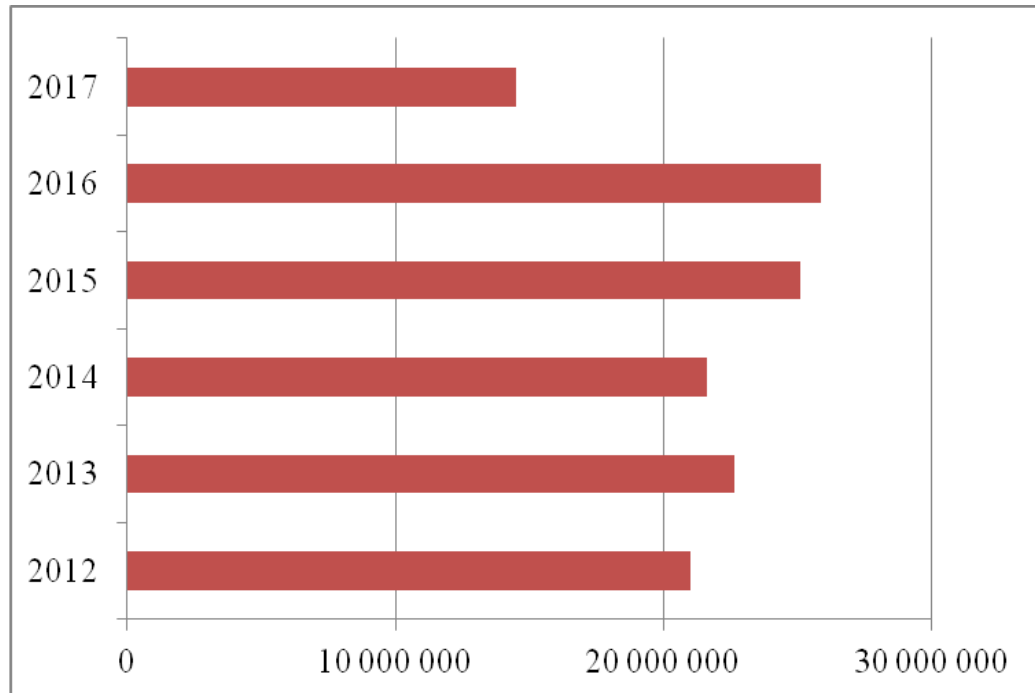


Figure 2.5 – Annual taxes of Ekol

It is known that the company Ekol in 2012 paid taxes of 20,995,487 euro for its activities. In 2013, this amount increased and reached 22 628 722 euro. However, in 2014 the amount of taxes paid fell to 21 598 890 euro. In 2015, the amount of taxes paid increased to 25 101 692 euro, and in 2016 reached record highs for the six years presented: 25 855 293 euro. In 2017, the amount of taxes paid fell to a record level of 14,506,978 euro [56].

Ekol Ukraine also provides its financial statements in euro. Data of annual investments of company is presented in Table 2.5. The Figure 2.6 shows the curve of the flow of investment in the company.

Table 2.4 – Annual investments in euro

No.	Year	Investments, euro
1.	2013	33 537 496
2.	2014	15 305 081
3.	2015	49 500 000
4.	2016	50 075 525
5.	2017	13 853 956
6.	2018	22 805 524

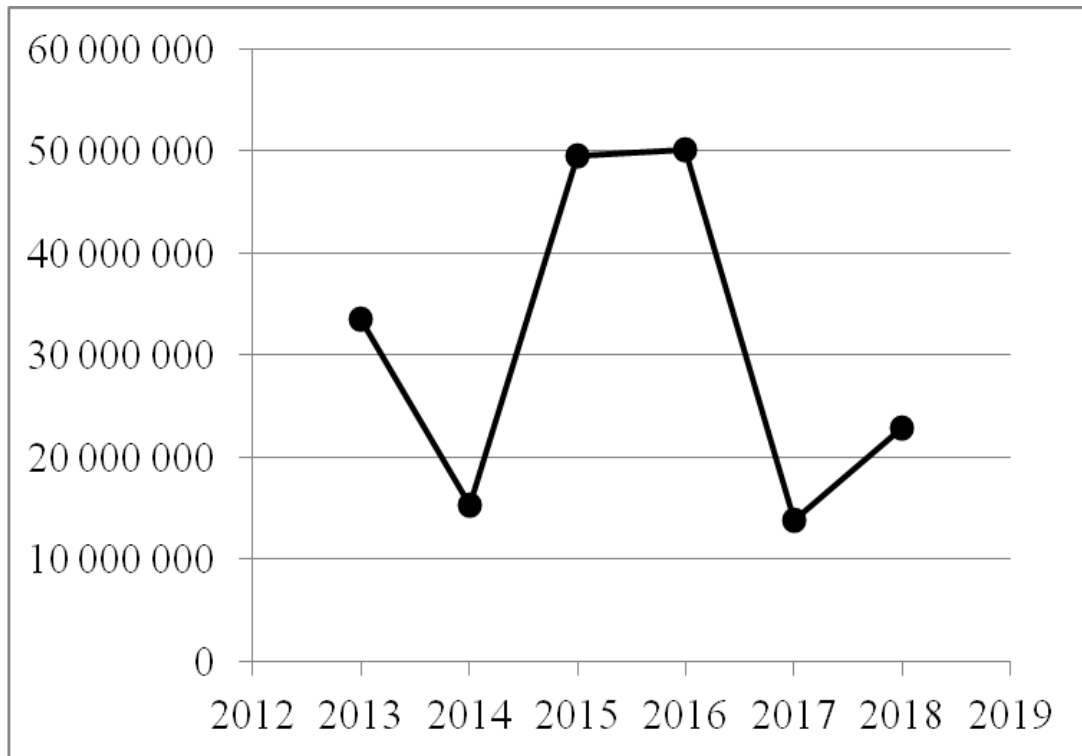


Figure 2.6 – Annual investments of Ekol in euro

In 2013, 33 537 496 euro were invested in the company. In 2014, this amount decreased to 15 305 081 euro, but in 2015, the amount increased to 49 500 000 euro, and in 2016 reached 50 075 525 euro, taking the highest point in the investment flow chart, which we see in the figure, for considered six years. In 2017, the number of investments fell sharply to 13 853 956 euro, and in 2018 it increased slightly again and reached 22 805 524 euro [55].

In 2016, the company invested about 40 million euro in the opening of the port of Yalova, which began to operate in early 2017. This affected the investment activities of the company as a whole and reduced the number of investments in the next few years. [48, 57].

Since the company does not provide publicly available financial reports of its activities, the following financial analysis is based on approximate data. Main financial indicators of Ekol are presented in Table 2.5 and dynamics of it is shown on Figure 2.7.

Table 2.5 – Financial highlights of Ekol

No.	Indicators	2016	2017	2018	Dynamics (absolute deviation)	
					2017/2016	2018/2017
1.	Gross income	1878,9	2156,7	2356,7	14,79	9,27
2.	Gross expenses	-1645,5	-1790	-1905	8,76	6,46
3.	Net profit	233,4	367	451,4	57,24	23,00

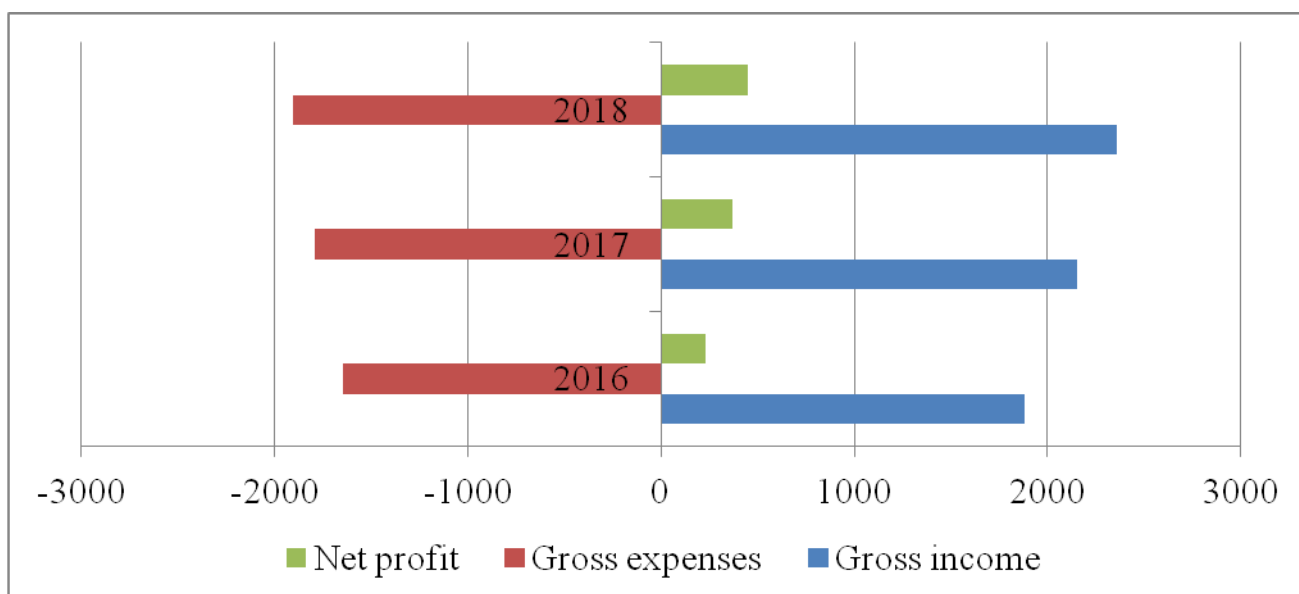


Figure 2.7 – Financial highlights of Ekol

Ekol shows a positive trend. Despite the increase in costs, net profit is also increasing. Ekol expands its influence and diversifies its services, serves new customers.

Data with liquidity calculations of the Ekol Logistics is provided in Table 2.6.

Table 2.6 – Liquidity indicators of Ekol

No.	Indicators	2016	2017	2018	Normative value	Dynamics (absolute deviation)	
						2017/2016	2018/2017
1.	Liquidity indicators						
2.	Cash ratio	0,36	0,35	0,37	≥0,1-0,2	-0,01	0,02
3.	Quick ratio	0,77	0,70	0,72	≥0,7-0,8	-0,07	0,01
4.	Current ratio	2,05	1,88	1,93	≥2,0	-0,17	0,05

As a result of the analysis of indicators of liquidity, it is possible to conclude that Ekol has a quite good ability to pay off its current liabilities with only cash and cash equivalents. Table shows, that company can maintain adequate cash balances to pay off its current debts in the column Cash ratio. In 2016 this ratio was equal 0,36, than in 2017 it decreased to 0,35. In 2018 it increases to 0,37. In column Quick ratio is shown the ability of Ekol to pay its current liabilities when they come due with only quick assets, and its' value are within normal limits. In 2016 company has the higher possibility to convert current assets into cash (0,77), but such value decreased in 2017 to 0,70 and in 2018 it increased only to 0,72. Ekol has average ability to pay off its current liabilities with current assets. This parameter was within the normal limit in 2016 and equals 2,05, but decreases in 2017 to 1,88. In 2018 it increased to 1,93, but doesn't reach the normal limit.

Calculations of company's solvency are presented in Table 2.7.

Table 2.7 – Solvency of Ekol

No	Indicators	2016	2017	2018	Normative value	Dynamics (absolute deviation)	
						2017/2016	2018/2017
1.	Financial stability (solvency)						
2.	Equity ratio	0,43	0,33	0,35	≤0,5	-0,12	0,02
3.	Equity multiplier	1,75	1,67	1,70	1,67-2,5	-0,08	0,03
4.	The debt to capital ratio	0,98	0,96	0,88	-	-0,02	-0,08
5.	The debt to equity ratio	26,96	18,96	9,66	-	-8,00	-9,30
6.	The asset coverage ratio	1,42	1,23	1,39	-	-0,19	0,16
7.	Debt ratio	0,66	0,70	0,72	0,5-0,7	0,04	0,02
8.	Working Capital to Current Assets Ratio	0,32	0,50	0,49	≥0,1	0,18	0,00
9.	The Equity to Total Debt ratio	1,54	1,10	1,18	≥1,0-2,0	-0,43	0,08

After calculations of indicators of solvency of the Ekol, it is possible to say:

- according to the equity ratio, investors own the assets of the company and are involved in its financing, it is also clear that the amount of borrowed funds is average, although over the years it has slightly increased;

- equity multiplier is within the normal limit, from this we can conclude that the company is not exposed to credit risks;

- the debt to capital ratio shows positive dynamics, as the indicator decreases, therefore the company is less risky in relation to loans;

- the debt to equity ratio shows that in 2016 bank loans were used much more than investments of investors and the level of debt exceeded the level of total capital, however, by 2018 this ratio decreased to 9,66, which means that total capital exceed the level of debt;

- the asset coverage ratio has fluctuations: in 2017 it fell, and rose again in 2018, which means that the number of assets exceeded the number of liabilities in 2016 and 2018, and in 2017 the company try to maximize the amount of loan money;

- according to debt ratio the Ekol is solvent and can repay liabilities with its assets while not being highly borrowed or more risky;

- working capital to current assets ratio – for three years company was able to finance its current assets with its working capital, and this parameter has positive dynamics;

- according to the equity to total debt ratio it is clear that the Ekol has just enough equity to cover its debt.

Profitability indicators for Ekol Logistics are calculated in Table 2.8.

From Table 2.8 it is clear, that return on Sales has positive dynamics for three years, which means that Ekol efficiently generating profits from its revenue. Return on Equity also has positive dynamics, which means that company was generate profits from its shareholder's investments.

EBITDA Margin decreased in 2017 from 15,67 to 12,11, but in 2018 it increased to 13,20, which means that in 2017 operating expenses increased.

Table 2.8 – Profitability indicators of Ekol

No.	Indicators	2016	2017	2018	Dynamics (absolute deviation)	
					2017/2016	2018/2017
1.	Profitability indicators					
2.	Return on Sales	2,15	2,33	2,47	-0,71	-0,07
3.	Return on Equity	7,18	9,32	11,40	2,71	-0,81
4.	EBITDA Margin	15,67	12,11	13,20	-1,36	-1,83

Ekol Logistics serves many industries (Automotive, Textile, Manufacturing, Service, FMCG, Healthcare, Retail and others). Company provides such services: Road transportation, which took the biggest part from turnover of Ekol’s activities, International transportations, Contract logistics, Domestic distribution, Sea and air freight and Customs clearance. The total warehouse area of the company is increasing every year, serving much larger volumes and the number of customers. Sales of the company mainly have a positive trend and only slight deviations in the last two years from the largest number of sales. In 2017, there was a huge decline in the investment activity of the company, which was caused by opening of port Yalova. Despite everything, the company is quite profitable and liquid.

2.3 Analysis of business processes of Ekol Logistics

In this paragraph, I decided to consider Ekol’s logistics business processes for four services: International delivery, Customs clearance, Warehousing and Domestic. Flowchart for International delivery, Customs clearance and Warehousing is in Appendix B.

The beginning of a flowchart starts either with a sale or with marketing, which attracts a potential counterparty. Then the counterparty is checked: at this stage, the legal department and the security department are connected. After the client company is verified, the process of forming the application, its confirmation and acceptance

begins. As soon as the application is posted on the site of Ekol and reviewed by sales managers (if it single application), it is entered into the company's system and is already considered by logisticians.

The next step is to choose a carrier from the existing base of Ekol Logistics, which would meet all the needs of the client. Then the basic processes take place: the vehicle is delivered under the ramp, the driver checks the cargo for safety, it is loaded into the vehicle and sealed (customs operations). Such a structure is preserved for any type of transport: auto, sea, air or rail. Following these, international delivery takes place: the cargo is delivered to Ukraine, where it passing through customs clearance, and then the goods are placed in Ekol's warehouses. For placement in the warehouse, a procurement department is involved, which supplies the warehouses with the materials required for the process: film, pallets, etc. So, in the first part of the flowchart, business processes accompanying two services are considered: international delivery and customs services.

Since the counterparty provides goods to its customers using the Ekol services, Ekol selects an order in the database (continue in Appendix C). Then the goods are marked for dispatch, collected and loaded, in order to make Domestic delivery, for example, on store shelves. After the delivery has been completed, Ekol begins the invoicing process: the company separately provided invoices for the four services (International transportation, Customs services, Warehouse services and Domestic transportation). If all is well and the counterparty pays on time, this marks the completion of the transaction. If, for some reason, the payment has not been made, KAM (Key Account Manager), who is appointed to the counterparty, solves this issue with him. If all issues and claims were examined by both parties and both agreed, then the counterparty pays. If the counterparty and Ekol's KAM failed to resolve the issue, then Ekol makes an official complaint, which in very rare cases comes to trial. KAM

Time of stated above logistics business processes is provided in Table 2.9.

Table 2.9 – Time of logistics business processes of Ekol Ukraine

No.	Logistics business process	Time
1.	Application processing	24 hours
2.	Loading	2 hours
3.	Customs operations (Europe)	24 hours
4.	International delivery	120-144 hours
5.	Customs clearance	24-48 hours
6.	Unloading	2 hours
7.	Application processing	24 hours
8.	Domestic delivery	24-48 hours

It may take some time from sales to application processing. The application is considered Ekol during the day. It takes about a day to clear cargo in Europe. Thus, including customs clearance, international delivery, depending on the country, takes up to six days. The process of customs clearance takes from 24 to 48 hours, then the goods are delivered to Ekol warehouses. Unloading the goods (20 ton truck, 33 pallets) takes two hours. It may take some time, depending on the turnover of the goods, before the client makes a request for domestic delivery, but most often it takes about 10-12 days. On average, Domestic delivery takes place within 24-48 hours, depending on the city.

In Table 2.10 provided time of financial cooperation of Ekol Ukraine.

Table 2.10 – Time of financial cooperation of Ekol Ukraine

No.	Logistics business process	Time
1.	Invoicing	1-2 days
2.	Payment	5-30 days
3.	Possible delay	3-5 days
4.	Solving issue	2-3 days
5.	Official Claim	10 days

Invoice for payment is given from 5 to 30 calendar days depending on the contract. If, for some reason, payment was not made after the deadline, KAM contacts the counterparty within 3-5 days. Within 2-3 days, he coordinates the issue

with the counterparty, and if it is not possible to reach agreement, within a few days the counterparty receives an official claim, which is given 10 days from the date of receipt.

2.4 Analysis of corporate social responsibility organization

Ekol understand that ecological aspect of the logistics activities is also one of the most important responsibilities of the company, so it is try to protect environment. Company optimizes the flow of vehicles using intermodal transportation and combine rail, road and sea transport, which helps to reduce emissions of carbon dioxide, hydrocarbons, solids and nitrogen.

The table 2.11 and Figure 2.8 show the number of reduced emissions in kilograms over the past five years. This information is for the whole company [53].

Table 2.11 – Annual reduction of carbon dioxide emissions in kilograms

Mode	Year				
	2015	2016	2017	2018	2019
1. Road transport	225 802 661	261 979 157	246 856 031	229 906 348	199 197 786
2. Intermodal solutions	140 004 585	166 735 513	164 703 296	155 814 363	137 636 354
3. Emission reductions	85 798 079	95 243 645	82 152 741	74 088 990	61 561 443

The column for road transport shows the mass of possible carbon dioxide emissions if transport were carried out only by road. The column of intermodal solutions provides exact data on how much carbon dioxide emissions were during intermodal transportation. And thus, statistics are provided on how much the company has reduced emissions through its intermodal transport. It can be seen that in 2015, Ekol Logistics could emit carbon dioxide by almost 226 million kilograms in its transportation, but the actual amount of emissions is 140 million kilograms.

Intermodal solutions have reduced carbon emissions by almost 86 million kilograms. In 2016, emissions from road transport could reach 261 million kilograms, but reached 166 million, reducing emissions by 95 million kilograms. In 2017, the mass of possible emissions from pure road transport would be almost 247 million kilograms, but the actual mass was only 164 million kilograms, reducing emissions by 82 million. In 2018, emissions could reach almost 230 million kilograms, but amounted to only 155 million, reducing the amount of emissions by 74 million kilograms. In 2019, the amount of emissions could be 199 million kilograms, but actually amounted to 137 million, reducing the amount of emissions by 61,5 million kilograms [39].

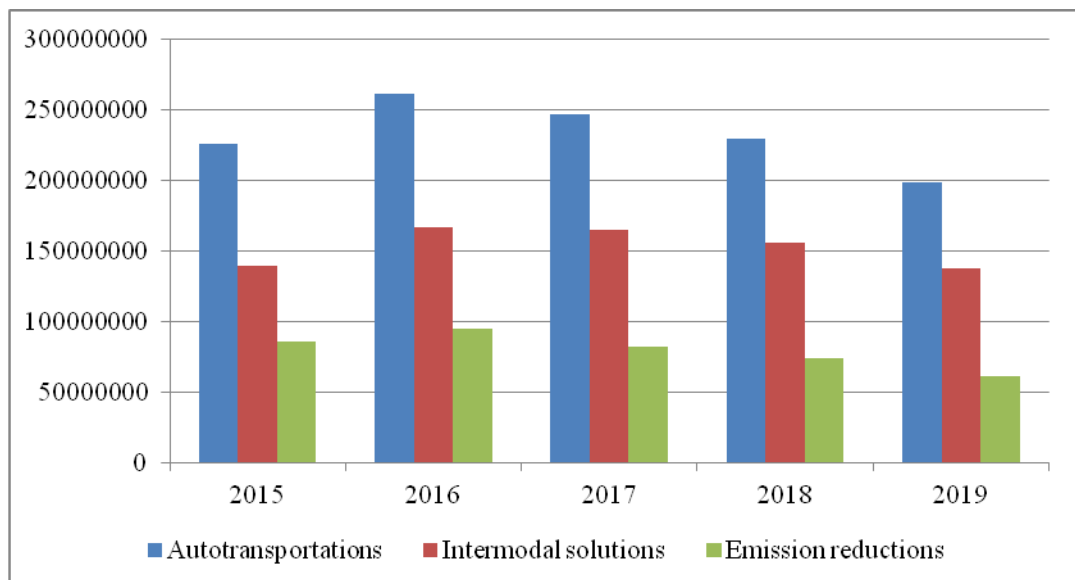


Figure 2.8 – Annual reduction of carbon dioxide emissions in kilograms

Ekol Ukraine operates with Euro-5 and Euro-6 engines, which also help to reduce emissions during road transportations. Euro-5 and Euro-6 are environmental standards governing the content of harmful substances in the exhaust gases for diesel and gasoline engines [66].

In order to neutralize exhaust gases, a special stainless steel box is installed in the Euro version motors. There are also many exhaust gas cleaning techniques. In addition, they use an injection system «common rail», solid filters and selective

catalyst reduction systems. Ekol Ukraine uses AdBlue liquid reagent, which neutralizes exhaust gases [42, 67, 66].

Due to intermodal solutions, the head office of Ekol Logistics in Turkey annually saves:

- 823 liters of fuel;
- 2221 kg CO₂;
- 5,8 kg NOX;
- 0,08 kg of dust [44].

Turkish office Ekol Logistics is a member of WWF Green Office. The company raises personnel awareness through measures to improve waste management, the use of electricity and paper. Ekol Logistics also cooperates with specialized companies that utilize all types of waste arising from the activities of the company.

It is also known that the Ukrainian office follows the general goals of the main office, and also cooperates with specialized companies for waste disposal. It is known that Ekol Logistics' warehouses in Ukraine have electricity meters, which, record the level of electricity consumed. In offices, there is a control of paper circulation: printers have individual paper counters that record the costs of each.

The Turkish office of Ekol Logistics actively supports the Earth Hour project and introduced project of Memorial Forests and planted trees from 2012 to 2015 [53].

In 2015 special pens with tree seeds were transferred from Turkey, which Ekol Logistics from Ukraine presented to its customers. When the ink in the pen ran out, one new tree could be planted. These gifts were included in the Ekol Memorial Forests project.

In Turkey, Ekol Logistics has a graduation program from the Ekol Personnel High School. The company supports continuing education pilot project. In 2016, Ekol organized the «Do Not Wait! Donate!» campaign and filled books with the library of the Hezarfen secondary vocational school. Ekol also sponsored the Kitapcan Gift Card project from the fond «Books for Everyone and Everywhere» and purchased books for fifth-grade students from two educational institutions two years in advance [51].

In addition to everything, the company cooperates with universities, providing students with venues for practice, internships and inviting excursions to the company's warehouses. In 2012, Ekol established a research center in Turkey, which implements SAN-TEZ projects (industrial support for dissertations) [51].

The Ukrainian office nevertheless does not have its own logistics school, but the company is a member of other logistics schools in Kiev, where employees also share their experience with students [46]. It also cooperates with universities, conducts excursions in company's warehouses. In addition to all that is indicated above, the top-management of the company also attends lectures and seminars at universities and gives interviews in logistics magazines [41].

From this it is obvious that Ekol Logistics is quite conscious, and strives to improve its environment from both an environmental and social point of view. This is one of the strengths of the company, which are presented in the Figure 2.9 in the SWOT analysis of the company. SWOT analysis was performed for the Ukrainian office of the company.

Since Ekol is a well-known name and has a good reputation, it has a good position in the market. There is an opportunity to develop a base for intermodal solutions and the implementation of such transportations, if company unites with the state. The huge threat to Ekol Ukraine now is a pandemic, the inability to carry out intermodal transport and obstacles for providing investments in the company.

2.5 Chapter 2 summary

Logistic company Ekol Logistics has long been operating in the European market and provides a wide range of services, serving a number of industries. The company serves well-known international customers such as Henkel Ukraine, Procter & Gamble, SC Johnson, GlaxoSmithKline, Marks & Spencer and others. The Ukrainian office is slightly behind the main office in Turkey in terms of the services.

	<p style="text-align: center;">Strength:</p> <ul style="list-style-type: none"> - Strong brand name; - Green logistics representative; - Ekol Ukraine has an R&D investment and management; - Wide diversification of services; - Good reputation at the global stage; - Large customer base; - High social responsibility. 	<p style="text-align: center;">Weaknesses:</p> <ul style="list-style-type: none"> - Low recycling level; - Low percent of intermodal transportations; - Low level of social interaction in Ukraine.
<p style="text-align: center;">Opportunities:</p> <ul style="list-style-type: none"> - Possibility to open new locations; - Growth in e-commerce services; - Collaboration with local businesses to expand business operations. 	<ul style="list-style-type: none"> - Development of intermodal solutions by collaboration with government; - Expansion of the company and its influence. 	<ul style="list-style-type: none"> - Support advertisement in any ways to keep company's name and popularity - Cooperate with competitors to control their level of development.
<p style="text-align: center;">Threats:</p> <ul style="list-style-type: none"> - Economic instability in the Ukraine; - Covid-19 pandemic; - Political aspects; - Outflow of personnel abroad [68]; - Competition; - Government. 	<ul style="list-style-type: none"> - Cost reduction; - Motivation of personnel; - Briefings and short lectures on Covid-19, disinfection and ways to prevent infection; - Provide services in cooperation with other companies. 	<ul style="list-style-type: none"> - Increase the level of social interaction to prevent possible competition.

Figure 2.9 – SWOT analysis for the Ukrainian office of Ekol

Ukrainian office of Ekol Logistics has quite strong points such as a brand, the number of services provided for clients, good reputation, etc., which affects the company's activities and allows it to get good position in the Ukrainian market. Weaknesses are less, than Strength. Due to some legal restrictions, Ekol cannot provide the maximum level of environmentally friendly transportation and cannot dispose of some waste. Nevertheless, the company has opportunities to overcome threats. For example, in order to reduce losses due to COVID-19 pandemic, but also maintain its CSR policy, Ekol can reduce costs by saving, as well as conduct short briefings and inform both employees and customers about the pandemic and the current situation, both in the company and in the country and in the global market. Also, increased interaction with society (publication of articles, short abstracts regarding the company's actions within the framework of CSR policy) can increase the company's competitiveness.

Ekol is one of the largest operators in the Ukrainian market. Since the company provides a wide range of services and serves not just one industry, but several (Textiles, Manufacturing, FMCG, etc.), Ekol has a wide customer base.

A financial analysis of the state of the company showed that Ekol demonstrates net profit growth every year, despite a steady increase in costs and taxes.

In 2017, the Turkish office opened the port of Yalova, which affected the investments of that year, but not affected the solvency of the company.

The processes of the company are well and efficiently established, which allows us to serve customers as quickly as possible both in the international market and in the Ukrainian market. Average international transportation lasts about six days, and domestic delivery takes about two days. In addition to this, the financial and legal component of the processes is also adjusted and flexible depending on the contract with the client.

The head office of the company is extremely social and has a well-developed social and corporate policy (investing in non-profit projects, charity activities, cooperation with charity organizations, etc.), although in Ukraine in this aspect is somewhat behind.

CHAPTER 3

DEVELOPMENT OF STUDENT PROGRAM IN FRAMEWORK OF CSR

3.1 Supporting rationale of new student program in framework of CSR

In this part I will consider CSR policies of logistics companies, which operated in Ukraine.

According to the version of the magazine «Business», the largest logistics companies by owned and rented warehouse spaces are: Kuehne+Nagel, Zammler, Raben, Ekol Logistics, etc [54]. Including these four companies, I decided to take the CSR policies of the FTP for comparison. Below are represented the activities of companies in relation to universities.

Kuehne+Nagel operates in Ukraine since 1992 and mainly focused in sea, air and road transportations and contract logistics [54].

Company provides practice program for students, including the National Aviation University (NAU), as well as excursions and further employment for students [45].

In association with universities and competitors, Kuehne+Nagel holds small events on a competitive basis, in which winners are given small gifts, certificates or a paid Internship program at the enterprise [45].

Company has a paid internship program, in which students can choose the unit in which they would like to gain experience (air transportation, transportation, finance, human resources and others) and work at the enterprise, receiving both academic and practical knowledge and experience. The program provides performance rewards [23].

Company participates in the life of the universities and shares its experience through free online webinars, as well as small presentations and lectures [35].

Kuehne+Nagel provides internships for university lecturers in order to maintain qualifications and improve experience.

Zammler is Ukrainian company, founded in 2007. Company provides air, sea and road transportations, customs operations and warehouse services [54]. Company cooperates with such universities[43]:

- State University of Infrastructure and Technology (SUIT);
- Kyiv National Economic University named Vadym Hetman (KNEU);
- Kyiv National University of Trade and Economics (KNTEU);
- National Aviation University (NAU);
- National Transport University (NTU);
- Lviv Polytechnic National University (NULP);
- Odessa National Academy of Food Technologies (ONAFI);
- Ukrainian State University of Railway Transport (UkrSURT);
- Kharkiv National Automobile and Road University (KhNARU);
- University of Customs and Finance (UCF).

Together with universities, the company organizes various events: conferences, seminars, business forums, round tables, Career Days, etc. Zammler conducts joint scientific researches with universities and publishes their results [38].

Students have the opportunity to improve their skills through paid internships and practice on the enterprise. Zammler provides further employment [38].

Also company organizes excursions to its warehouses and international airport Boryspil for students, giving the opportunity to familiarize themselves with warehouse processes or cargo securing and air transportation principles, complementing their knowledge. Much less often, but as part of excursions and marathons, the company arranges small quests for students, during the passage of which, students apply practical and theoretical skills [47].

For example, during an excursion to the Zammler fulfillment warehouse in 2017, the company prepared a thematic quest for students. Students had the opportunity to control the loader, gain practical skills in the WMS-system, see warehouse operations and test theoretical knowledge in practice.

Students had to answer theoretical questions at each location of the warehouse and get a «key», after which they had the opportunity to move on around the complex. At the end of the quest, the student team that completed the fastest received prizes. During this quest, the participants had the opportunity to talk with the top managers of the company and learn more about the principles and mechanisms of the functioning of the warehouse [47].

Also Zammler holds events on a competitive basis with awards among students and young people [38].

Company also organizes online master classes. In 2019, along with the KNTEU, a logistics marathon was organized for free.

The marathon consisted of three blocks:

- block 1: online lectures and webinars and tests.
- block 2: excursion to the warehouse Zammler fulfillment.
- block 3: logistic quest.

In the framework of this marathon such online workshops and lectures were held for all interested students [43]:

- access to international markets: logistics life hacks;
- transport logistics: sea, rail and air transport;
- transport logistics. Road domestic and international transportation;
- customs: customs procedures, features of customs clearance of goods in export / import modes. Operation of the «Single Window» system.

After the completion of the first block, the most active participants with high scores were determined, and divided into groups. They visited the Zammler fulfillment warehouse complex, where they had the opportunity to familiarize themselves with the service of servicing online stores both in theory and in practice, after which the third and final stage of the marathon, the quest, began.

At this stage of the marathon, students had to apply the experience gained in the real dimension - to go through the logistic quest in Kiev. The teams had to deliver the goods from the Globus monument to KNTEU, following certain rules:

- restriction on time and length of the route;

- travel budget constraint;
- restriction in modes of transport (every 30 minutes there was a ban on one or another two modes of transport).

Students chose the route on their own and laid out so that the path from the departure point to the destination was in the form of the letter Z. Also during the route, participants had to stop to give the correct answers to questions related to logistics. If the answer was incorrect, the team wasted the time allotted for completing the quest.

Also, in order to bring the process as close as possible to realities, students had areas of responsibility and thus, as part of each team, there were:

- captain;
- logistician;
- financier;
- time manager;
- communicator (communication with the organizers of the project);
- operator (video and photo fixing of locations).

Certificates were awarded to all participants of the marathon, and the leading team received the main prize [52].

Raben – logistics company, which operates in Ukraine since 2003. Company provides logistics services, air, sea and road transportations and customs services [63].

Company, cooperating with universities, provides a summer and winter practice program for students, within the framework of which it provides information about the company and work inside it, also provides an opportunity to get acquainted with business processes in the field of storage, transport, international distribution, customer service, in the HR department, accounting and finance. In addition, the company provides an opportunity for further employment [45, 70].

Raben conducts guest lectures at the universities, sharing experience and knowledge with students, as well as conducting business excursions [45].

FTP is logistics company, which provides air, sea, rail and road transportations, customs, contract and financial logistics. It was founded in 2010.

Company is younger than the ones mentioned above and also takes care of its CSR policy and cooperates with universities in which there is a logistics direction. It provides a place for students to practice with further employment, conducts excursions and guest lectures at the universities, as well as takes care of lecturers of universities and, like Kuehne+Nagel, conducts internships with orientation to them [45].

Ekol Logistics interacts with universities by providing students with places for practice and the further employment. Ekol Logistics' top management also participates in conferences organized by universities and conducts guest lectures. In addition, excursions to the company's warehouses are conducted, where students have the opportunity to get acquainted with warehouse operations and equipment.

For a qualitative analysis and visualization, I combined the activities of logistics companies in the framework of cooperation with universities in the table. In Table 3.1 provided below, it is possible to conclude about the activity of each of the companies and compare the number of opportunities provided to universities and students.

Table 3.1 – CSR activities of companies

No.	Kuehne + Nagel	Zammler	Raben	FTP	Ekol Logistics
1	2	3	4	5	6
1.	Student practice base				
2.	Employment for students				
3.	Excursions				
4.	Lectures, webinars	Lectures, webinars, conferences, business forums	Lectures		Lectures, conferences
5.	Training for lecturers			Training for lecturers	
6.	Paid internship	Paid internship			

End of Table 3.1

1	2	3	4	5	6
7.	Events on a competitive basis with rewards	Career Days, logistics marathons			
8.		Scientific researches and its publications			
9.		Events on a competitive basis with rewards			
10.		Quests for applying theoretical and practical knowledge			

From Table 3.1 it is clear that the most active company in its CSR policy and cooperation with universities on the territory of Ukraine is Zammler, who, in addition to basic activities (practice base and employment, lectures and excursions), also holds marathons and competitions with rewards, participates in career days and offers students a paid internship inside the company. Kuehne Nagel a little less active than Zammler, also provides free webinars, paid internship for students and conducts events on competitive basis with rewards. Unlike Zammler it cares about universities' lecturers and provides internships for them.

FTP, which is less involved in universities life than the two companies mentioned above, also provides internships for unversities' lecturers. Company also provides practice places for students, further employment and conducts guest lectures and excursions, but doesn't hold events on competitive basis with rewards and doesn't provide paid internship program for students.

Raben and Ekol Logistics both cooperate with universities by providing practice places for students and further employment, conducting guest lectures and holding excursions. Ekol Logistics participates in universities' conferences. Comparing these two companies with the all above, it becomes clear that they do not participate in

career days, conduct marathons and contests with rewards, and especially educational quests or internships for lecturers. Thus, it is possible to conclude that Raben and Ekol Logistics, although cooperating with universities, make much less than their competitors.

3.2 Data of project of new student program in framework of CSR

In this part, I want to consider two ways to expand Ekol Logistics' corporate social responsibility. The company can increase its cooperation with universities and interaction with students through opening of online school and the introduction of paid internships for students.

Below is information about the project to open a free online school.

Courses can be provided in the format of presentations, videos and online broadcasts, and in the future recordings of broadcasts, where students can ask questions if necessary.

Since the company is interested in new employees, it should develop courses based on the services and services in which it is involved. Thus, an online school can accommodate such courses:

- course «Manager of air transportations»;
- course «Manager of auto transportations»;
- course «Manager of sea transportations»;
- course «Manager of rail transportations»;
- course «Manager of rail transportations»;
- course «Customs brokerage logistics»;
- course «Warehouse logistics».

Practical skills of future employees play an important role for companies, and then the main focus of online courses should be to increase the practical knowledge and skills of students in the proposed areas.

Course «Manager of air transportations» should include such theoretical and practical issues:

- air traffic regulation;
- international and national law in air industry;
- standards ICAO, IATA, FIATA. Conventions. Incoterms;
- calculation of transportation time.
- selection of the optimal route;
- types of aircraft;
- unit load device (ULD) and download restrictions;
- acceptance of goods;
- rules for the transportation of different types of cargo;
- safety and security of cargo. Cargo insurance;
- air freight rates. Calculation of the cost of freight transportation: tariffs and fees;
- filling of paper and electronic Air Waybill.

The course «Manager of auto transportations» should include the following theoretical and practical issues:

- regulation of auto transportations;
- features of carriage by road;
- international and national law;
- types, characteristics and parameters of road transport;
- cargo marking. Commodity, freight, transport marking;
- types of cargo, classification, transportation features;
- placement of goods in a vehicle;
- selection of the optimal route;
- groupage transportation, direct transportation, cargo transportation with transshipment, multimodal, and intermodal transport and completion of related documents;
- safety and security of cargo during transportation. Cargo insurance;

- filling paper and electronic domestic consignment notes, international consignment notes (CMR), accompanying documents for the cargo;
- permits for transportation, certificates, permits for the import of goods.

The course «Manager of sea transportations» should include the following theoretical and practical issues:

- regulation of sea transportation. Incoterms;
- main participants in maritime transport agreements;
- contractual relationship between the parties to the contract of carriage by sea;
- interaction with port infrastructure participants and related companies;
- selection of the optimal route;
- safety and security of cargo during transportation. Cargo insurance;
- rules of filling form of accompanying documents and sea consignment.

The course «Manager of rail transportations» should include the following theoretical and practical questions:

- regulation of rail transportation;
- features of the contract for the carriage of goods by rail;
- types of cargo, classification, transportation features;
- features of cargo transportation in international traffic;
- safety and security of cargo during transportation. Cargo insurance;
- rules of filling railway bill of lading.

The course «Customs brokerage logistics» should include the following theoretical and practical questions:

- requirements of tariff and non-tariff regulations during customs clearance;
- types of mandatory payments for customs clearance of goods;
- electronic filing of the declaration of goods;
- preparation of «export» and «import» declarations;
- documents for customs clearance;
- ensure the implementation of customs procedures in relation to certain groups of goods in accordance with the declared customs regime.

The course «Warehouse logistics» should include the following theoretical and practical questions:

- characteristics and specifics of storage facilities;
- storage organization;
- warehouse operations;
- warehouse automation;
- practical application and management of the warehouse system warehouse management system (WMS);
- practical application and management of a flow control system management flows system (MFS);
- preparation and execution of paper and electronic shipping documents.

Table 3.2 shows the necessary processes for the implementation of two projects, their duration, as well as the beginning and end of the implementation of an online school and paid internship for a period of almost two months. In Figure 3.1, it is possible to see what processes are occurs in parallel and the total duration of the implementation of projects. The start of the project is scheduled for the beginning of July, and its completion will be at the beginning of September.

For the efficient use of time and the rapid implementation of an online school, for the development of courses, six people should be selected from departments, who will be involved in the creation of video materials, lectures, practical materials, tests, etc. Thus, the project implementation time will be reduced by five times than if only one person would carry it out. Moreover, one person cannot cover all the areas indicated in the topics of the courses above and choose suitable practical material.

Below is information regarding the implementation of a paid internship.

Since there are many departments in Ekol Logistics, internship programs should be developed for those departments in which students may be most interested:

- domestic department;
- department of international transportations;
- sales department;
- warehouse department.

Table 3.2 – Implementation of online school and paid internship

№	Tasks	Duration	Start	End	Predecessors
1	2	3	4	5	6
1.	Start of projects	0 days	06.07.2020	06.07.2020	
2.	Appointment of staff	3 days	06.07.2020	08.07.2020	1
3.	Training of experts in the design of video courses	1 day	09.07.2020	09.07.2020	2
4.	Development of a course «Manager of air transportations»	31 days	10.07.2020	21.08.2020	3
5.	Placing course «Manager of air transportations» on the site	8 days	24.08.2020	02.09.2020	4
6.	Development of a course «Manager of auto transportations»	31 days	10.07.2020	21.08.2020	3
7.	Placing course «Manager of auto transportations» on the site	10 days	24.08.2020	04.09.2020	6
8.	Development of a course «Manager of sea transportations»	27 days	10.07.2020	17.08.2020	3
9.	Placing course «Manager of sea transportations» on the site	7 days	18.08.2020	26.08.2020	8
10.	Development of a course «Manager of rail transportations»	20 days	10.07.2020	06.08.2020	3
11.	Placing course «Manager of rail transportations» on the site	5 days	07.08.2020	13.08.2020	10
12.	Development of a course «Customs brokerage logistics»	18 days	10.07.2020	04.08.2020	3
13.	Placing course «Customs brokerage logistics» on the site	5 days	05.08.2020	11.08.2020	12
14.	Development of a course «Warehouse logistics»	21 days	10.07.2020	07.08.2020	3
15.	Placing course «Warehouse logistics» on the site	6 days	10.08.2020	17.08.2020	14
16.	Test-drive of courses	1 day	07.09.2020	07.09.2020	7;9;11;13;15
17.	Development of an internship program in the domestic department	14 days	09.07.2020	28.07.2020	2
18.	Developing an internship program in the international transportation department	14 days	09.07.2020	28.07.2020	2

End of Table 3.2

1	2	3	4	5	6
19.	Development of an internship program in the sales department	12 days	09.07.2020	24.07.2020	2
20.	Development of an internship program in the warehouse department	16 days	09.07.2020	30.07.2020	2
21.	Approval of internship programs	1 day	31.07.2020	31.07.2020	17;18;19;20
22.	End of the projects	0 days	07.09.2020	07.09.2020	16;21

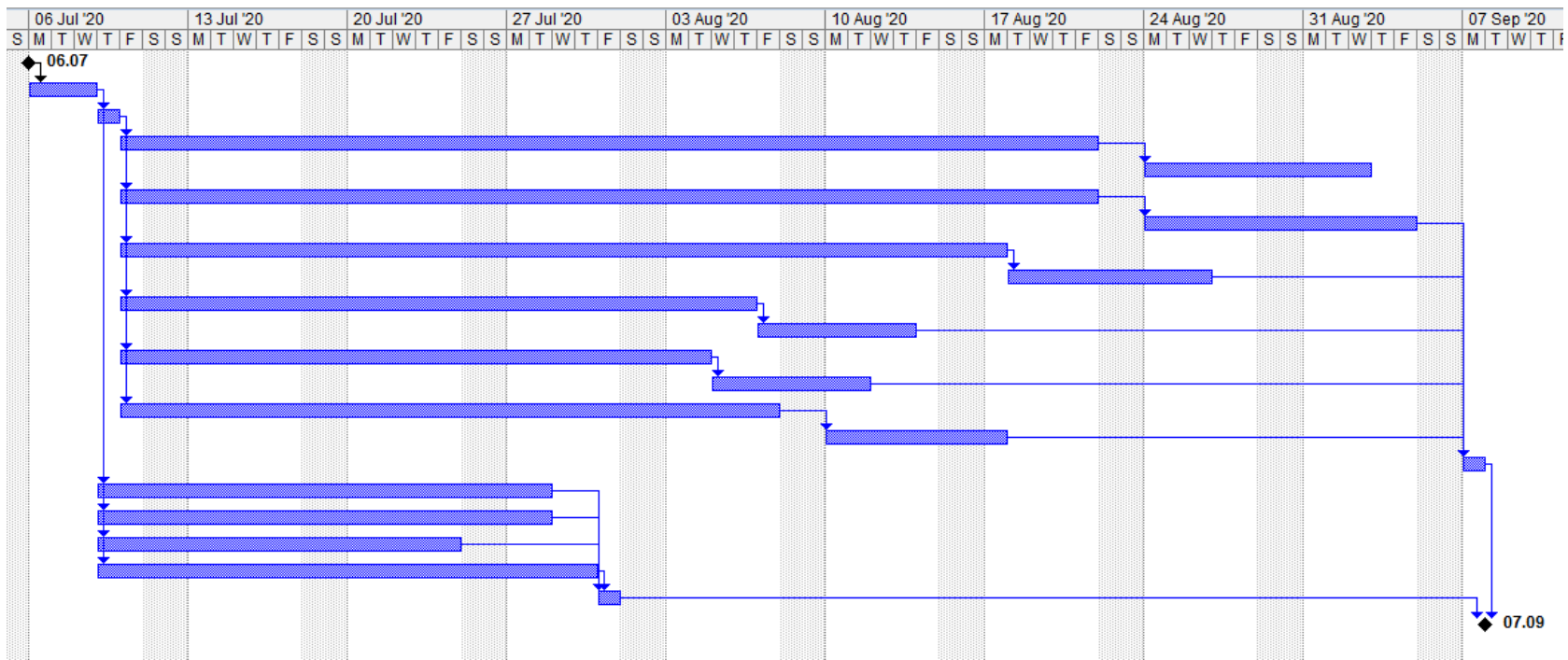


Figure 3.1 – Gantt chart of the implementation of projects

Therefore, from each of the departments indicated above, it is necessary to select four people with at least three years of work experience and not involved in the project to create online courses in order to create the most competent internship program within the department.

This solution will also help reduce project implementation time.

Appendix D shows the sequence of processes for implementing online school projects and paid internships.

Table 3.3 shows the early and late starts and finishes of each process by which slack time is calculated.

Table 3.3 – Earliest and latest starts and finishes for each process

Process	ES	EF	LS	LF	Slack time
1	0	0	0	0	0
2	0	3	0	3	0
3	3	4	3	4	0
4	4	35	6	37	2
5	35	43	37	45	2
6	4	35	4	35	0
7	35	45	35	45	0
8	4	31	11	38	7
9	31	38	38	45	7
10	4	24	20	40	16
11	24	29	40	45	16
12	4	22	22	40	18
13	22	27	40	45	18
14	4	25	18	39	14
15	25	31	39	45	14
16	45	46	45	46	0
17	3	17	31	45	28
18	3	17	31	45	28
19	3	15	33	45	30
20	3	19	29	45	26
21	19	20	45	46	27
22	46	46	46	46	0

Early start and finish times (ES and EF) are determined using direct project execution, i.e. starting from the start of the project. The late start and finish times (LS and LF) are determined by the deadline, i.e. the project duration starts from the final project completion date.

Critical path is a set of activities, whose duration affects the entire project. It is calculated by comparison of earliest start and finish and latest start and finish of process. If they are equal zero, that means, that these processes are critical, and cannot be delayed, because its' durations can increase the time of implementation of project. Critical path of project is 1-2-3-6-7-16-22.

Total completion time for projects is 46 days. If consider the projects separately, then the total completion of implementation of online school takes 46 days, and the development of internship programs takes a maximum of 19 days.

To determine of probability of project completion there is need to calculate a probability distribution based on three time estimates for each activity, as follows:

- optimistic time – time an activity will take if everything goes as planned;
- pessimistic time – time an activity will take assuming very unfavorable conditions;
- most likely time – most realistic estimate of the time required to complete an activity.

Table 3.4 shows the optimistic, pessimistic and real time of each process, the expected time of the processes and their variances.

Table 3.4 –Times and variance for each process

Processes	a	m	b	ET	var
1	2	3	4	5	6
1	0	0	0	0,00	0,00
2	1,5	3	7	3,42	0,84
3	0,5	1	2	1,08	0,06
4	28	31	40	32,00	4,00
5	6	8	12	8,33	1,00
6	28	31	35	31,17	1,36
7	7	10	12	9,83	0,69

End of Table 3.4

1	2	3	4	5	6
8	21	27	31	26,67	2,78
9	5	7	8	6,83	0,25
10	17	20	24	20,17	1,36
11	4	5	7	5,17	0,25
12	16	18	21	18,17	0,69
13	4	5	6	5,00	0,11
14	18	21	24	21,00	1,00
15	5	6	8	6,17	0,25
16	0,5	1	2	1,08	0,06
17	12	14	16	14,00	0,44
18	13	14	18	14,50	0,69
19	10	12	14	12,00	0,44

Expected time is calculated by formula (3.1).

$$ET = (a+4m+b)/6, \quad (3.1)$$

Where ET is expected time,

a – optimistic time;

b – pessimistic time;

m – most likely time.

ET for process 2 = $(1,5 \text{ days} + 4 * 3 \text{ days} + 7 \text{ days}) / 6 = 3,42 \text{ days}$.

ET for process 3 = $(0,5 + 4 * 1 \text{ day} + 2 \text{ days}) / 6 = 1,08 \text{ days}$.

ET for process 4 = $(28 \text{ days} + 4 * 31 \text{ days} + 40 \text{ days}) / 6 = 32 \text{ days}$.

And so on.

Variance of times calculated by formula (3.2).

$$\text{Variance of times} = ((b-a)/6)^2. \quad (3.2)$$

Variance for process 2 = $((3-1,5)/6)^2 = 0,84 \text{ days}$.

Variance for process 3 = $((2-0,5)/6)^2 = 0,06 \text{ days}$.

Variance for process 4 = $((40-28)/6)^2 = 4 \text{ days}$.

And so on.

Calculation of the project standard deviation is represented in formula (3.3).

$$\sigma_p = \sqrt{\Sigma \text{Variance of activities on critical path}}, \quad (3.3)$$

where σ_p is the project standard deviation.

$$\sigma_p = \sqrt{0 + 0,84 + 0,6 + 1,36 + 0,69 + 0,06 + 0} = 1,74.$$

Formula (3.4) shows standard normal equation, which helps to identify the probability that project will be completed on or before deadline.

$$z = (x - \mu) / \sigma, \quad (3.4)$$

where z is the number of standard deviations the due date or target date lies from the mean or expected date;

x is the possible duration of project;

μ is expected duration of project.

$$z = (49 - 46) / 1,74 = 3 / 1,74 = 1,72.$$

$$P(x \leq 49) = P(z \leq 1,72) = 0,9573 = 95,73\%.$$

Z -value of 1,72 to the right of the mean indicates a probability of 0.9573. Thus, there is a 95,73% chance that the online courses and paid internships programs will be implemented in 49 days or less.

In this case, if I take the duration of both projects as 49 days with probability of completion 95,73%, it is possible to display the start and end dates of project implementation. If there is set the date of start, for example, it will be Monday, July 6, 2020, then the end of the project will be Thursday September 10, 2020, with an accuracy of one day, since in August Ukraine's Independence. In another case, if there is set the project deadline, for example, on September 1, 2020, then the project will start on Wednesday June 24, 2020.

3.3 Economical support of the project

Since the project of introducing online lectures is part of the corporate social policy of the company, which is aimed at providing everyone with free theoretical and practical knowledge, it will not bring any financial profit. Also developed online lessons can be used as part of a paid internship.

According to the Gantt chart on Figure 3.1, six people should be selected from the required departments to develop course materials so that they can at the same time create lectures and classes, and the process of implementing of this project does not occur linearly, taking more time. Since it takes less time to create several courses, I think that it is necessary to choose three Information Technology (IT) specialists of the company. In total, everyone can post materials for two courses on the site, and not increase the duration of the project, but also reduce the number of people participating (if for each course a separate IT specialist was appointed, there would also be six people in total). Thus, for a project of implementation of an online school, there will be required 9 people.

To create internship programs, there is need for four people, who are not involved in the project of implementing an online school, in order to reduce the burden on people and reduce the duration of the project. Thus, for both projects 13 people will be needed.

Since both projects are being implemented as part of CSR, it is possible to reduce potential costs and motivate staff.

Of course, an individual approach should be found for each employee, since everyone has a different motivation, but as part of these projects, I offer the following types of motivation:

- status: a working person within the framework of these projects has the opportunity to raise his social status, becoming a good lecturer and sharing the necessary knowledge;

- prestige of the enterprise: improving CSR policies will serve as the best "advertising" and increase the value of the company in the Ukrainian market;
- praise: the employee can receive not only praise from the leader, but also be on the board of honor.

However, to implement a paid internship, you need to invest. To calculate the economic feasibility of this project, it should be noted that for the organization and conduct of student internships at the enterprise, the following initial costs follow:

- an investment in the development of the project in the amount of 28 000 UAH;
 - salary increase for employees (4 people), who will be the internship managers by 6800 UAH .;
 - as well as the preparation of jobs for four people, which at the initial stage includes: the purchase of tables and chairs (5000 UAH), the purchase of office (800 UAH), the purchase of a computer and accompanying equipment (200 000 UAH).
- Costs increase every next years according to the inflation coefficient, which is 8%.

The company's benefits are the difference between how much the company could pay full-time employees with a salary of 16,000 UAH and students with payments in the amount of 8000 UAH. Students' payments also increase each year according to the inflation rate stated above.

To determine the economic attractiveness of a paid internship implementation project, the following indicators should be calculated: Net Present Value (NPV), Internal Rate of Return (IRR), and Discounted Payback Period (DPP).

To calculate the NPV of the project, there is need to determine the rate of return. The rate of return should be used to discount the flow of costs and benefits, and then summarize the discounted net benefits. This will be the NPV of the project at the indicated discount rate.

So, for calculation of NPV of the project were taken such rates of return: 10%, 20% and 40%, and was considered a five-year project life cycle.

Table 3.5 shows the benefits and costs of the project according to considered rates of returns for five years and the calculation of the NPV of the project.

Table 3.5 – Costs and benefits of project

Year	Benefits	Costs	Net benefits	Required rate of return 10%	Discounted net benefit	Required rate of return 20%	Discounted net benefit	Required rate of return 40%	Discounted net benefit
-	B_t	C_t	$B_t - C_t$	$1/(1+i)^t$	-	$1/(1+i)^t$	-	$1/(1+i)^t$	-
1.	384000	560200	-176200	1,000	-176200	1,000	-176200	1,000	-176200
2.	414720	352512	62208	0,933	58042	0,871	54155	0,758	47145
3.	447898	380713	67185	0,896	60195	0,803	53932	0,644	43293
4.	483729	411170	72559	0,871	63167	0,758	54990	0,574	41674
5.	522428	444064	78364	0,851	66715	0,725	56797	0,525	41165
6.	NPV				71918	-	43674	-	-2922

Calculation of NPV is provided below in formula 3.5.

$$NPV = \sum_{t=1}^n \frac{B_t - C_t}{(1 + i)^t}, \quad 3.5$$

Where B_t is benefits for t-period of time, C_t is costs for t-period of time, i is rate of return (10%, 20%, 40%), n is a life cycle of project (5 years).

In the formula (3.6) the calculation of IRR is provided.

$$IRR = A + \frac{a(B - A)}{(a - b)}, \quad 3.6$$

where A – the value of the rate of return at which the NPV is positive, B – the value of the rate of return at which the NPV is negative, a – the value of the positive NPV, when the value of the rate of return is A , b – the value of the negative NPV, when the value of the rate of return is B .

$$IRR = 0,2 + 43674 * (0,4 - 0,2) / (43674 - (-2922)) = 0,3875 * 100\% = 38,75\%.$$

This means that at the rate of return with 38,75%, the NPV of the project will be zero. And since at the rate of return with 20% the NPV is equal 43674 UAH, this means that the project can be successfully implemented in the enterprise.

In formula (3.7) is provided calculation of DPP.

$$DPP = n + \left(\frac{-PV}{B_t} \right) \times 365, \quad 3.7$$

where n – the number of t-periods before the period, in which costs are fully paid off;

PV – the present value of the assets (cumulative sum of net benefits);

B_t – the net benefits in the t-period, where costs are fully pay off.

Below in Table 3.6 are represents the net benefits and PVs' calculations.

$$DPP = 3 + (-(-46807) / 72559) * 365 = 0,65 * 365 = 3 + 235,46/30 = 3 + 7,86.$$

Table 3.6 – Present value of the project

No.	Net benefits	PV
1.	-176200	-176200
2.	62208	-113992
3.	67185	-46807
4.	72559	25752
5.	78364	104116

This means, that payback period of project is 3 years and 8 month.

3.4 Chapter 3 summary

Improving CSR policies is a intensive process, but it is beneficial. Students are the future generation of logistics. Investing in the future is the key to success.

The project of implementation of online school takes 46 days (almost two months). For its implementation, in order to avoid increasing of the duration of the project; for this, six logisticians and three IT-specialists should be appointed. Such a solution will help optimize the process and make it more parallel and shorter.

It does not take as much time to develop a paid internship program as it does to implement an online school, but this project can be completed in parallel with the first. Its duration is 19 days. For its implementation, it is needed four logisticians, who can simultaneously compose four programs, which will lead to: quality program that specifically meets the requirements of the department, saving time, reduction of the burden on staff.

To determine the economic attractiveness of the project of implementation of the paid internship, three indicators were calculated: NPV, IRR and DPP. For their calculations, the possible benefits and costs of the project were determined. Calculations showed that the NPV of the project has a positive value at 20% of the rate of return, and pays off within 3 years and 8 month.

CONCLUSIONS AND RECOMMENDATIONS

In preparing the thesis on the topic “Management of corporate social responsibility of a logistics company”, through collection and analysis of information it is possible to say that, that the Ukrainian department of Ekol Logistics has CSR policy and it has been established mainly in the field of ecology, rather than social. In order to improve CSR policy of the company, it is necessary to expand CSR activities also to the social sphere.

In this regard, in the theoretical part of the thesis, the following analysis was conducted:

- the concept and principles of CSR;
- the structure and its impact on the environment of CSR;
- standardization of CSR activities;
- parties involved in CSR;
- the main motives for CSR activities;
- the main areas and examples of CSR activities;
- CSR trends of international companies.

Analysis of the CSR's processes of the logistics company Ekol Logistics consists of:

- analysis of current CSR policies and identifying trends in the development of CSR areas of Ekol Logistics;
- develop an integrated approach for the implementation of CSR projects in the company;
- implementation of CSR's concepts and processes into the practice of the logistics company Ekol Logistics through the realization of a project of implementation of a free online school and paid internship in a logistics company;
- development of the rationality of the management decision to create a free online school and paid internship for students in CSR company policy Ekol Logistics.

The Ukrainian office of Ekol Logistics has a wide customer base and is one of the largest logistics providers in Ukraine. The company provides a wide range of services, serves a number of industries.

According to the statistics, the main part of the company's services is Road freight and International operations. Most of the company's services are concentrated in Automotiva and Service industries.

The financial analysis of the company showed that the company's liquidity indicators are within normal limits and the company is able to pay current liabilities with only cash and cash equivalents and its current liabilities when they come due with only quick assets. However, Ekol has average ability to pay off its current liabilities with current assets.

The financial stability indicator is shown by the level of debt payments, ownership of the assets of the company's shareholders and the level of investment. In general, these indicators are also within the normal range, however, the activities of the main office are reflected in the number of investments in the Ukrainian office, such as in 2017, as was indicated, in connection with the opening of the Yalova port.

The profitability indicator of the enterprise revealed negative trends due to the same opening of the Yalova port, however, after 2017, a gradual increase was visible.

The company's business processes associated with the main activities are well established and take a minimum amount of time. So, for example, the minimum duration of international delivery including customs services can last about 6 days by road. The company also has established financial and legal processes.

Analysis of CSR activity of the company revealed that the Ukrainian office is the most active in the field of ecology:

- aims to provide intermodal transport to reduce emissions;
- following Euro-5 and Euro-6 standards;
- sensors for tracking the amount of paper used;
- use of energy-saving light bulbs;
- Tracking the energy spent in the warehouse;
- introduced electronic document management;

- and other environmental projects.

Ekol Logistics is also involved in the social sphere, but much less than in the environmental sphere. The company does not advertise charity projects. Social interaction mainly occurs at the level of cooperation between the company and universities and the provision of the following services:

- places for students to practice;
- employment of students;
- guest lectures;
- excursions.

The above types of cooperation are minimal, and therefore the project part was the improvement of CSR policy by expanding cooperation with universities. For this, two corporate social projects were presented and justified: the introduction of a free online school and a paid internship program for students.

The duration of the implementation of both projects in parallel was short and amounts to 46 days. Separately, the duration of the introduction of a free online school is 46 days, and the development and implementation of a paid internship program for students is 19 days. To implement these two projects, too many people are not required. In total, 12 employees of the company are involved.

Since the project of introducing a free online school is based on the goal of improving the company's CSR policy, it can be carried out without costs and on the volunteer wishes of employees, and non-profit staff motivation can also be applied.

For the economic justification of the second project, the probable benefits and costs were calculated, as well as the indicators of the NIP, IRR, and DPP were calculated. The NIP showed a positive result, and the payback period of the project was 3 years and 8 months.

After the implementation of two projects, one can expect such results:

- improving the qualifications of potential future employees of the company;
- improving CSR policy of the company;
- reduction of unemployment;
- improving the image of the company.

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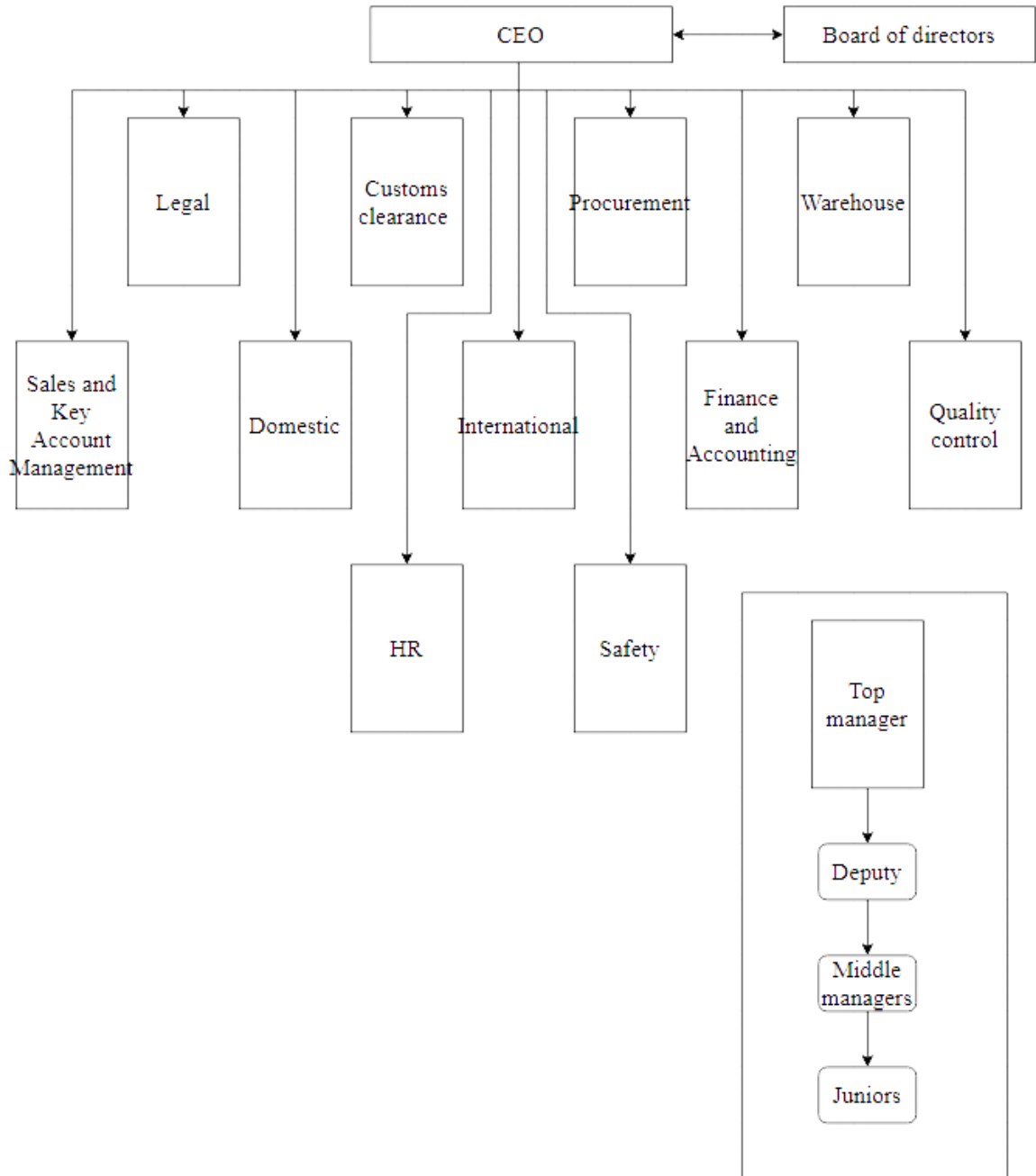
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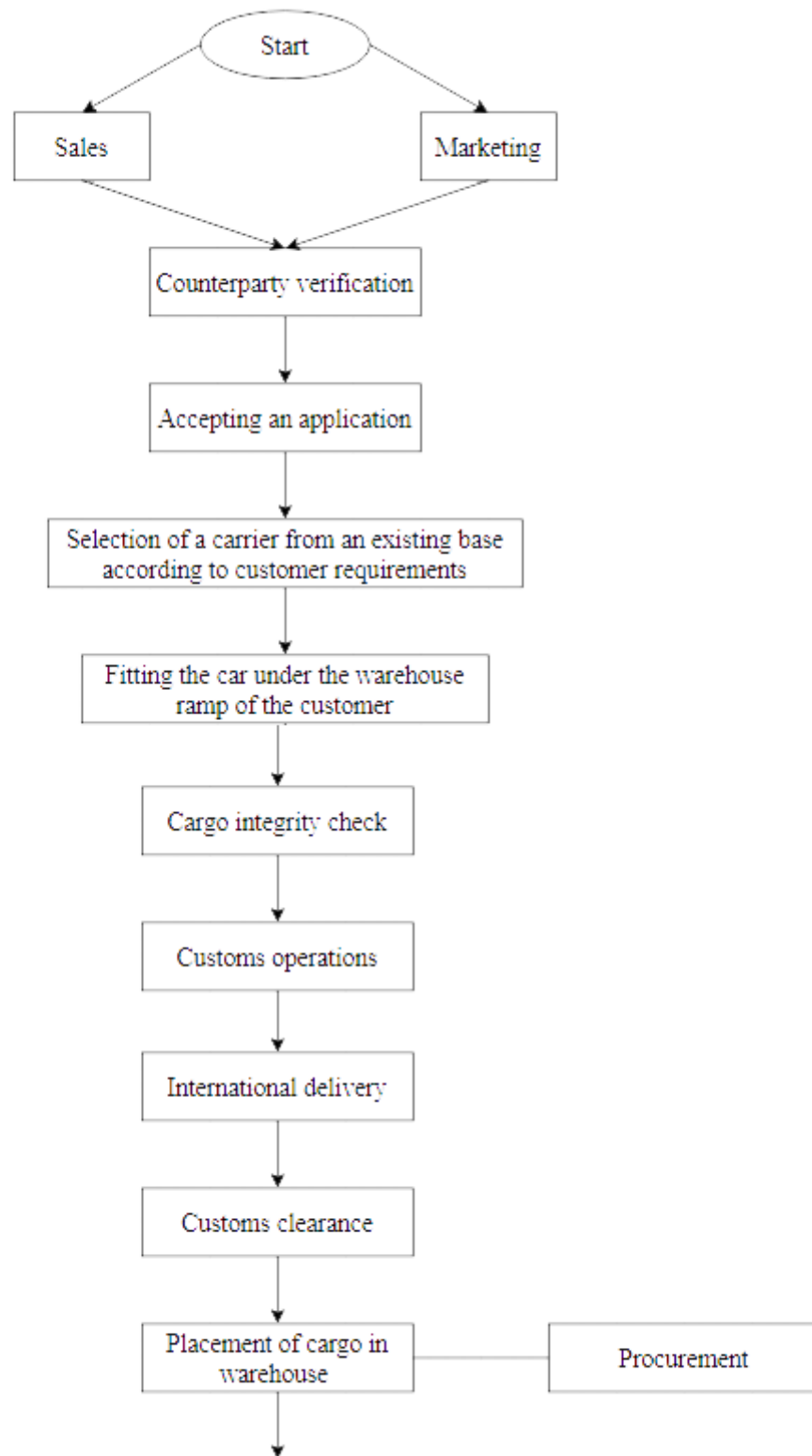
Appendix A

Organizational structure of the Ekol Ukraine



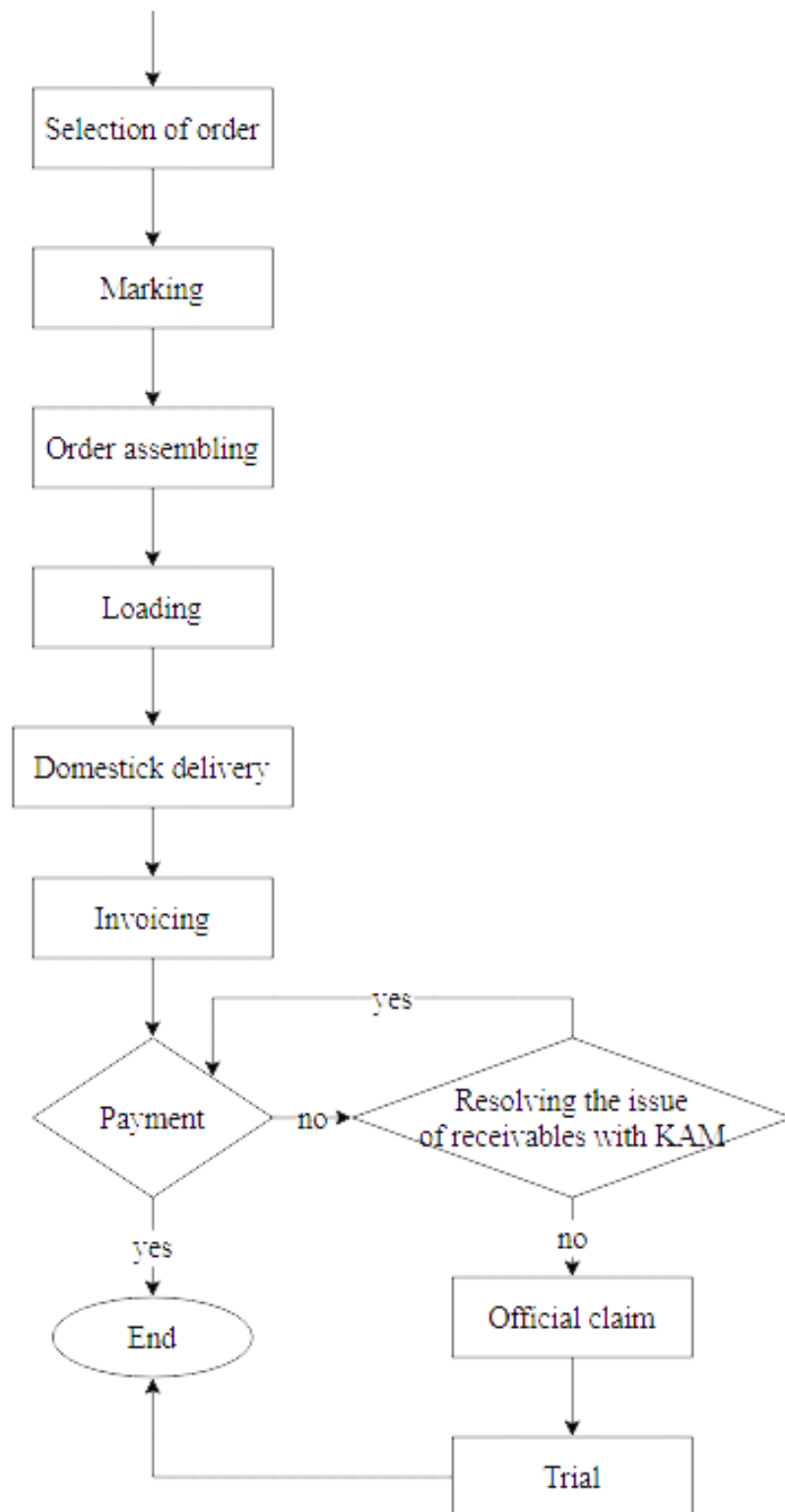
Appendix B

Flowchart of logistics business processes of the Ekol Ukraine



Appendix C

Flowchart of logistics business processes of the Ekol Ukraine



Appendix D

Sequence of processes for implementation of projects

