

UNIVERSITEIT TWENTE.



Koninkrijk der Nederlanden

Sustainable Business and the Role of the Dutch Embassy

A comparison between Dutch and South African companies in South Africa



Royal Dutch Embassy of the Netherlands, Pretoria

November 29, 2010

Sustainable Business and the role of the Dutch Embassy

Student of the University of Twente

E.M. (Emiel) Pross

S0197858

Faculty of Management and Governance

Business Administration

Track: International Management

Supervisors University of Twente

1st supervisor

H.J.M. Ruel

h.j.m.ruel@utwente.nl

2nd supervisor

M.R. Stienstra

m.r.stienstra@utwente.nl

Date and place of publication

November 2010, Enschede

UNIVERSITEIT TWENTE.



Koninkrijk der Nederlanden

University of Twente

Drienerlolaan 5

Postbox 217

7500 AE Enschede

Dutch Embassy, Pretoria, South Africa

210 Koningin Wilhelminalaan

0181 Nieuw Muckleneuk

Pretoria, South Africa

"Corporate social responsibility is not just about managing, reducing and avoiding risk, it is about creating opportunities, generating improved performance, making money and leaving the risks far behind."

Sunil Misser, Head of Global Sustainability Practice, PwC

Acknowledgement

This research is executed for my master thesis, business administration at the University of Twente. The master thesis is an explorative research on sustainable business in the logistics sector in the Netherlands and South Africa, and on the role of the Dutch embassy for that sector. The subject of the research builds on a project that I did earlier. I have worked with pleasure on this research for the last six months. The trip to South Africa and the research at the Dutch embassy were a lot of fun.

To finalize my study in Business Administration at the University of Twente I had to choose a master track. The choice for “International Management” was easily made, as I have always thought of going abroad to study. Fortunately the Royal Dutch Embassy proposed an interesting assignment which I turned into a study on sustainable business.

Neither the research nor the report could have been realized without the help of several people. Firstly, I want to thank the Royal Dutch Embassy in Pretoria for giving me the opportunity to study the subject of sustainable business in the logistics sector in South Africa. I especially want to thank D. Batchelor of the Royal Dutch Embassy, Pretoria for giving me the information, support and feedback needed for conducting the research and writing this report. The direct supervising of this research was in the hands of H. Ruel, who I want to thank for his support. His feedback and suggestions contributed to the quality of this research. Besides that, I want to thank my second supervisor, M. Stienstra. and of course my family, classmates, friends and all other persons who contribute to this thesis. The 3 months of employment in South Africa were a valuable enrichment both for me as a person and on educational field.

Hengelo, November 2010

Emiel Pross

Management Summary

While companies were denying in the 1960s and 1970s their impact on the environment, an environmental revolution for the last three decades has made today's companies take their responsibilities in this respect. Sustainable business is a way of doing business that has no negative impact on the global or local environment, on community, society, or economy; a business that strives to meet the triple bottom line (people, planet, profit) (Cooney, 2009).

The Royal Embassy of the Netherlands in Pretoria plays an important role in the development of sustainable business by Dutch companies in South Africa. In order to do so, the Embassy tries to set an example for these companies. Besides promoting sustainable business, they highlight its benefits and monitor companies on their actions. The relevance of sustainable business is unquestionable, since political and scientific consensus worldwide has confirmed the immense scale of environmental challenges governments, businesses and individuals are facing.

This project has resulted in an in-depth understanding of the differences and similarities between South African and Dutch companies in doing 'sustainable business' in the logistics sector, specifically regarding the different views on 'sustainable business', differences in practices, and the perceived impact on business performance. This project has enhanced the Dutch Embassy's knowledge regarding the current state of play and how it can support Dutch companies in increasing their sustainability, becoming forerunners, and staying ahead of the 'sustainable' competitors. The following research question was answered in this study:

“What are the differences and similarities in doing sustainable business between South African and Dutch companies in the logistics sector and in which way can the Dutch Embassy support Dutch companies in South Africa in doing sustainable business?”

Both theory and results have confirmed that sustainable business is a very broad definition. In this respect 55% of the companies focused on the environment and 46% on the economical aspects. With regard to the P's, 55% focused on the people aspect, 46% on the profit aspect, and 18% on the planet or environmental aspect. It was concluded from this that the environmental aspect is probably a higher or strategic goal to strive for, but that in practice they try to reach this goal by means of the people and profit aspects. The results have shown that especially the larger companies focus on the environmental aspects, while the smaller companies focus more on the social aspects. The medium companies use a mix of environmental, social and economical aspects. The sample consisted for the larger part of smaller and larger companies, so the results apply more to these than to medium sized companies, which focus on a mix of factors. This is also consistent with several respects of this research, since the larger and smaller companies use only several of the component of

TBL and strive for one or maybe two higher goals, while medium sized companies use a mix of components and strive often also for a mix of higher goals.

Striving for certain aspects of TBL does not guarantee that companies practice this in reality. The results have shown that especially smaller companies do not always pursue sustainable business. The reasons for not pursuing sustainability differed. On a larger scale it could be the case that the smaller companies do not have the means to pursue sustainability; therefore they focus more on aspects they find more important. If they do not pursue sustainability, they will also not develop an awareness of hampering factors. Larger and medium sized companies showed more awareness in this respect. A large group of the sample also focused on technological aspect, as a consequence of an increasing attention for sustainable business and brand value.

The research model has shown that characteristics of the Netherlands and South Africa will influence sustainable business in logistics, and that commercial diplomacy also would be able to exert influence. The results have shown that sustainable business is not always pursued in South African companies, especially in smaller ones, even when the focus is on one of the TBL factors. In general, the focus and implementation of sustainability issues in South African companies is much less than in Dutch companies. There are differences in Dutch and South African companies in logistics, so it seems that characteristics of a country can influence sustainable business in logistics. Also, the embassy has several resources to support sustainable business, which also seem to be able to exert influence, like a big network, consulates, information on the country, which can give them a competitive advantage and money in terms of funding projects.

This research was done in times of economical crisis, so companies are spending not much money on sustainability, especially when it is not available in huge amounts. When the economy is becoming stable again, new research can give different results with regards to the sustainability issue. Also, the research was done in eleven companies, with a mix of small, medium and large companies. The sample was small, so future research should be done with larger samples to either confirm or deny the results. Furthermore, the changing of personnel every four years in the Embassy can be a cause for the low support in practice; also a factor that can be explored in future research. Finally, another factor for future research is the amount of knowledge a company has on the elements of TLB, namely people, profit and planet. It should be made clear how a company defines these concepts and the concept of sustainability to be able to make reliable comparisons.

List of figures

Figure 1 - CSR: A Three-Domain Approach

Figure 2 – Relationship between 3P, CS and CSR

Figure 3 – Relationship between CR and CS

Figure 4 – EPI 2010, the Netherlands

Figure 5 – EPI 2010, South Africa

Figure 6 – Research model

List of tables

Table 1 – LPI 2010; the Netherlands and South Africa

Table 2 – LPI 2010; the Netherlands and South Africa

Table of content

Acknowledgement	IV
Management Summary.....	V
List of figures	VII
List of tables.....	VII
1. Introduction	1
1.1 Introduction	1
1.2 Background.....	1
1.3 Objectives	2
1.4 Research question	2
1.5 Research strategy	2
1.6 Scientific relevance.....	3
1.7 Practical relevance	3
2. Theoretical framework	4
2.1 Introduction	4
2.2 CSR, CS & TBL.....	4
2.2.1 Corporate social responsibility.....	4
2.2.2 Corporate sustainability.....	5
2.2.3 Triple Bottom Line Theory (TBL)	7
2.2.4 Components of sustainability	8
2.2.5 Conclusion.....	10
2.3 Characteristics of the Netherlands	10
2.3.1 Theoretical lens: neo-institutional theory.....	10
2.3.2 PEST analysis.....	11
2.3.3 Sustainable development and business in the Netherlands	12
2.4 Characteristics of South Africa.....	13
2.4.1 Theoretical lens: neo-institutional theory.....	13
2.4.2 PEST analysis.....	14
2.4.3 Sustainable development and business in South Africa.....	15
2.5 Characteristics logistic sector South Africa and the Netherlands.....	17
2.5.1 Logistics South Africa.....	17
2.5.2 Logistics Netherlands	19

2.5.3	Logistics performance index & Environment performance index	20
2.6	Commercial diplomacy.....	22
2.6.1	Definition	23
2.6.2	Purpose and main activities.....	23
2.6.3	Characteristics of a commercial diplomat	24
2.7	Research model.....	26
3.	Methodology	27
3.1	Introduction	27
3.2	Research design	27
3.3	Data collection and sample description	27
3.4	Topic list.....	28
3.5	Data processing and analysis	28
3.6	Notes on reliability and validity	29
4.	Results	30
4.1	Introduction	30
4.2	Part I – About your company	30
4.3	Part II – Sustainable business	32
4.4	Part III – Triple Bottom Line.....	35
4.5	Part IV – Resources Embassy.....	38
5.	Conclusion and discussion	40
5.1	Introduction	40
5.2	Conclusions	40
5.3	Discussion.....	41
5.4	Reflection research model	44
5.5	Future research	44
	References	46
	Appendices	50
	Annex 1: Time schedule.....	54
	Annex 2: Interview	55

1. Introduction

1.1 Introduction

This chapter will introduce the research project that was conducted on the topic of sustainable business in the logistic sector. In section 1.2, a background is sketched of the history and increasing interest of some important subjects as triple bottom line, sustainability and the Embassy. Section 1.3 is dedicated to the research objectives, and section 1.4 will introduce the research question itself, followed by the research strategy that will be elaborated in section 1.5.

1.2 Background

An environmental revolution has been in the making for almost three decades and it has changed the way in which companies do business to a very large extent. In the 1960s and 1970s, corporations were in a state of denial regarding their impact on the environment. Today, many companies have accepted this responsibility. Sustainable business, or sometimes called green business, is a way of doing business that has no negative impact on the global or local environment, on community, society, or economy; a business that strives to meet the triple bottom line (people, planet, profit) (Cooney, 2009).

The challenge companies face is to develop a sustainable global economy; an economy that is capable of safeguarding the planet indefinitely. Those who think that sustainable business is just a matter of pollution control are missing the bigger picture. The roots of the problem – explosive population growth and rapid economic development in the new emerging economies – are political and social issues that exceed the mandate and the capabilities of any corporation. At the same time, corporations are the only organizations with the resources, the technology, the global reach, and, ultimately, the motivation to achieve sustainable business (Hart, 1997).

In 1987, the Brundtland report, also known as Our Common Future, alerted the world of the urgency of making progress toward economic development that could be sustained without depleting natural resources or harming the environment. Published by an international group of politicians, civil servants and experts on environment and development, the report provided a key statement on sustainable business, defining it as: development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (Brundtland report, 1987).

The Royal Embassy of the Netherlands in Pretoria plays an important role in the development of sustainable business by Dutch companies in South Africa. In order to do so, the Embassy tries to set an example for these companies. Besides promoting sustainable business, they highlight its benefits and monitor companies on their actions. The political and scientific consensus worldwide now confirms with great clarity the immense scale of the

environmental challenge governments, businesses, and individuals are facing. The relevance and importance are therefore unquestionable for the Embassy.

To effectively address sustainability in the South African context, more knowledge and insight is needed as to what sustainable business means; how sustainable policies and plans can be put in practice, and what the implications are for a company's performance.

1.3 Objectives

This project will result in an in-depth understanding of the differences and similarities between South African and Dutch companies in doing 'sustainable business' in the logistics sector, specifically regarding the different views on 'sustainable business', differences in practices, and the perceived impact on business performance.

This project will enhance the Dutch Embassy's knowledge regarding the current state of play and how it can support Dutch companies in increasing their sustainable business, becoming forerunners, and staying ahead of the 'sustainable' competitors.

1.4 Research question

The following research question will be answered in this study: "What are the differences and similarities in doing sustainable business between South African and Dutch companies in the logistics sector and in which way can the Dutch Embassy support Dutch companies in South Africa in doing sustainable business?"

The definition for the term "sustainable" used in the research question is (Cambridge Dictionary, 2010): (1) able to continue over a period of time; (2) causing little or no damage to the environment and therefore able to continue for a long time.

In this study it will be noticed that sustainable business and all topics close to it are interwoven with each other. Therefore sustainable business is defined as: an enterprise that has no negative impact on the global or local environment, community, society, or economy - an enterprise that strives to meet the triple bottom line and is able to continue over a period of time.

1.5 Research strategy

This study will be explorative by nature as comparative studies on sustainable business in the logistics sector are still relatively scarce. Collecting data with an open mind, rather than with a specific narrow theoretical focus, should enhance opportunities to gain an in-depth understanding. It will be explorative because there is not much known about this specific situation and there is no information available on how similar problems or research issues have been solved in the past. A little note on this is necessary: there is a lot of information about sustainable business and related subjects but not on sustainable business in the logistics sector. Therefore this research strategy is chosen.

Through face-to-face, semi-structured, interviews with managers from South African companies active in the logistics sector, we expect to get a so-called multi-view on how companies in the logistics sector are conducting sustainable business.

1.6 Scientific relevance

After a thorough literature study, I hadn't found many scientific articles about the differences and comparisons between South Africa and the Netherlands on sustainable business in the logistics sector, nor scientific empirical results. Most of the articles I found described sustainable business as a global subject. It is an honor to contribute to the literature with a comparison between South Africa and the Netherlands on sustainable business in the logistics sector.

1.7 Practical relevance

As stated in the intention above, not much research has been conducted comparing between South Africa's and the Netherlands' sustainable business in logistics. The question what kind of resources the Embassy has to help companies on this subject, and what kind of role it can play to support Dutch companies on that subject, will be tackled. Through this research, I will describe the insight I gained by keeping interviews on the differences and comparisons between the companies, on the ways in which the Embassy can support companies, and I will add recommendations to the literature in general.

2. Theoretical framework

2.1 Introduction

This chapter describes features of sustainable businesses. When an organization gives these features a clear position in the organization, its business can be called sustainable. All the features together make a perfect picture of a sustainable organization. The first section describes various theories about sustainable business. These theories are the foundation for the first part of the research question. In these sections the responsibilities and components of sustainable business are explained because they are linked / interwoven with each other. After that, this chapter goes in on the two countries with a PEST analysis and a description of their logistic sector which is another part of the research question. The chapter ends explaining what is commercial diplomacy, which is the last part of the research question, and finally elaborates on the research model.

2.2 CSR, CS & TBL

2.2.1 Corporate social responsibility

Definitions of corporate social responsibility (CSR) have slightly changed over time. Throughout the 1960s and 1970s, scholars searched to define what a corporation's social responsibilities were and were not (Wood, 1991). Davis (1973) provided a classic definition of CSR as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm (to) accomplish social benefits along with the traditional economic gains which the firm seeks." Carroll (1979) observed that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." In Carroll's (1979) CSR classification, a firm's discretionary responsibilities are those areas of voluntary social involvement not specifically prohibited or demanded of companies because of their economic, legal, and ethical responsibilities. Later work (Aupperle, Carroll, & Hatfield, 1985) has emphasized that discretionary responsibilities are the least weighted of all a firm's social responsibilities. Frederick (1986) summed up the position as follows: "the fundamental idea of CSR is that business corporations have an obligation to work for social betterment." The basic idea of CSR is that business and society are interwoven rather than distinct entities. Therefore, society has certain expectations for appropriate business behavior and outcomes (Wood, 1991).

Porter and Van der Linde (2000) consider CSR as a competitive driver requiring appropriate resources. CSR can also be defined as meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well (Dyllick & Hockerts, 2002). Nowadays, Cramer (2006) defines CSR as the endeavor to: (1)

consciously orient business activities towards value creation in three dimensions – Profit, People, Planet – and in this way towards the contribution to societal welfare in the long run, (2) maintain a relationship with the diverse stakeholders on the basis of transparency and dialogue, thereby answering justifiable questions from society. In this definition, ‘Profit’ stands for profit maximization, ‘Planet’ for ecological quality and ‘People’ for human well-being in and outside the organization (Cramer, 2006). CSR is a way of management to become a sustainable organization and goes beyond what is legally required for organizations.

2.2.2 Corporate sustainability

Sustainability is a theoretical concept that is difficult to define and operationalize. Corporate sustainability (CS) is a custom-made process, because there is no standard recipe for developing a sustainable organization which is called corporate CS. Each company should choose from the many opportunities which concept and definition is the best option matching the company’s aims and intentions and aligned with the company’s strategy as a response to the circumstances in which it operates (Marrewijk, 2003). Integrating the environment into strategic decision-making is an essential pre-requisite for moving towards sustainable development (Sheate, Dagg, Richard et al., 2003). However, the road to CSR consists of several stages, as can be seen in figure 1.

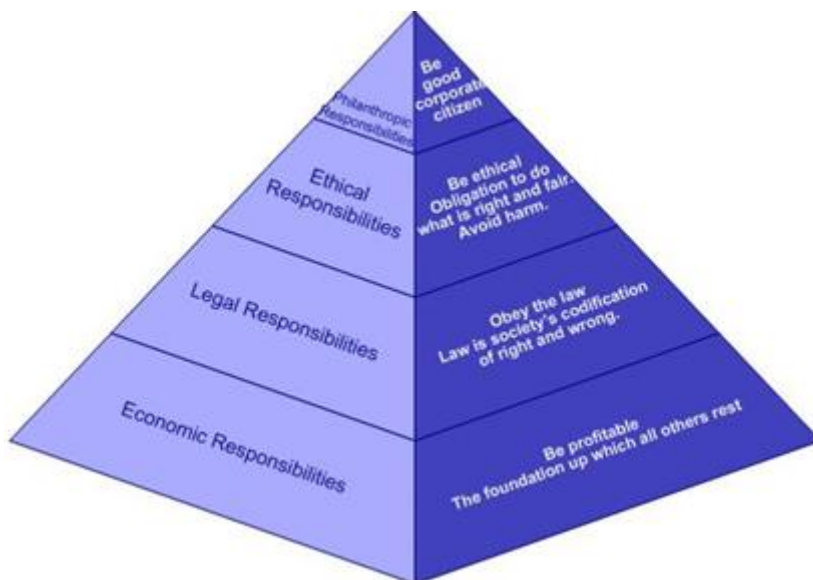


Figure 1: CSR: A Three-Domain Approach

Carroll’s “pyramid of corporate social responsibility” is perhaps the most famous example of the three-domain approach models (Meehan, 2006). This model’s graphical representation implied a hierarchy of responsibilities moving from economic and legal through to more socially oriented ones of ethical and philanthropic responsibilities (Carroll, 1991). But in this research I have chosen for a more updated version of Schwartz and Carroll (2003), which is a

model without visual representations problems unlike the earlier model (Meehan, 2006). According to Schwartz and Carroll (2003), this figure shows that organizations have different responsibilities. The image needs to be read from bottom to the top. A sustainable organization that is conscious of its responsibilities to society must first go through the following phases.

Economic responsibilities

The first and foremost social responsibility of businesses is economic in nature. Before anything else, the business institution is the basic economic unit in our society. As such it has a responsibility to produce goods and services that society wants and to sell them with a certain amount of profit. All other business roles are predicated on this fundamental assumption (Schwartz & Carroll, 2003).

Legal responsibilities

Just as society has sanctioned the economic system by permitting business to assume the productive role as a partial fulfillment of the “social contract”, it has also laid down the ground rules, the laws and regulations, under which businesses are expected to operate. Society expects businesses to fulfill their economic mission within the framework of legal requirements (Schwartz & Carroll, 2003).

Ethical responsibilities

Although the first two categories embody ethical norms, there are additional behaviors and activities that are not necessarily codified into law but are nevertheless expected of businesses by society’s members. Ethical responsibilities are ill defined and are consequently most difficult for businesses to deal with. In recent years, however, ethical responsibilities have been clearly stressed - though debate continues as to what is and what is not ethical. It is sufficient to say that society has expectations of business beyond legal requirements (Schwartz & Carroll, 2003).

Philanthropic responsibilities

Society has no clear-cut message for businesses concerning discretionary (or volitional) responsibilities; even less so than in the case of ethical responsibilities. They are left to individual judgment and choice. Perhaps it is inaccurate to call these expectations responsibilities because they are at business’ discretion. However, societal expectations to assume social roles beyond those described thus far, do exist for businesses. These roles are purely voluntary, and the decision to assume them is guided only by a business’ desire to engage in social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense. Examples of voluntary activities can be: making philanthropic contributions, conducting in-house programs for drug abusers, training the unemployed, or

providing day-care centers for working mothers. The essence of these activities is that if a business does not participate in them it is not considered unethical per se. These discretionary activities are analogous to Steiner's "voluntary" category and the CED's third circle (helping society) (Schwartz & Carroll, 2003).

2.2.3 Triple Bottom Line Theory (TBL)

The TBL theory makes the terms CSR and CS less abstract and more concrete. It is based on the theory of Elkington (1998), and is also known as "people, planet, profit" or "the three pillars". TBL captures an expanded spectrum of values and criteria for measuring organizational (and societal) success: economical, ecological and social. People, planet and profit are three components that an organization should take into account in terms of sustainability and responsibility. These three components are further elaborated in the following paragraphs.

This theory is based on the fact that the three components are interwoven by means of a social cultural basis. It is corporate culture that determines interaction with nature and each other as well as our economic wellbeing. To achieve a sustainable organization and society a cultural change must be made.

The following figures give an overview of how the terms TBL, CSR and CS are connected. Figures 2 and 3 suggest that the sustained organizations (CS) are CSR. This CSR is reflected in the three components of the TBL theory, namely people, planet and profit.

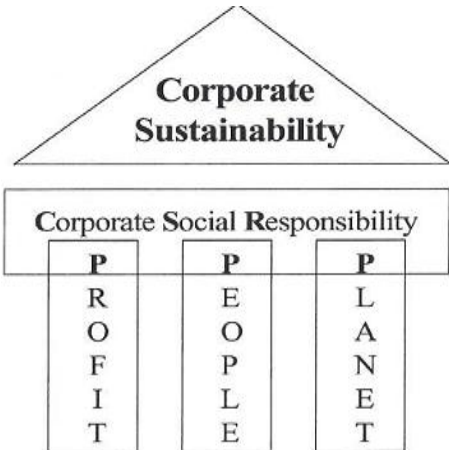


Figure 2: Relationship between 3P, CS and CSR (Wempe & Kapteijn in Marrewijk, 2003)

CS implies a much broader interpretation of the concept of capital than is used normally by either economists or ecologists. Three different types of capital – economic, natural and social – have different properties and thus require different approaches. Furthermore, within the three main types of capital, several subtypes can be differentiated.

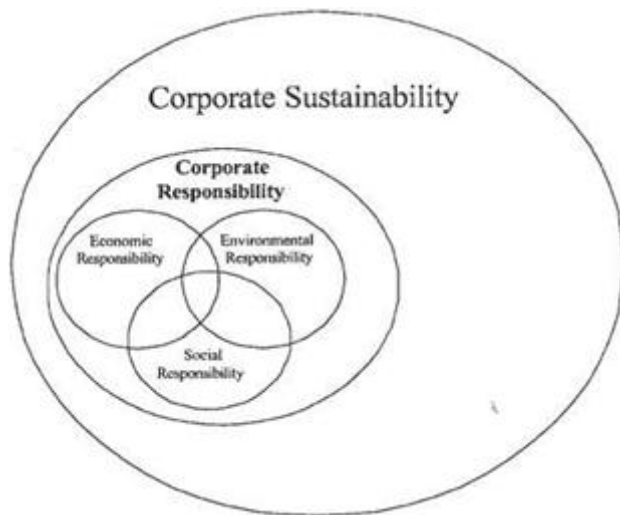


Figure 3: Relationship between CR and CS (Linnanen & Panapanaan in Marrewijk, 2003).

The ideal of a sustainable organization includes a 3BL ‘mentality’. In practice this means that organizations should focus on each component. This is further elaborated on in the following paragraphs.

2.2.4 Components of sustainability

This section covers the three components of sustainability (people, planet and profit). Nowadays Cramer (2006) defines CSR as the endeavor to: (1) consciously orient business activities towards value creation in three dimensions – profit, people, planet – and in this way towards the contribution to societal welfare in the long run, and (2) maintain a relationship with the diverse stakeholders on the basis of transparency and dialogue, thereby answering justifiable questions from society. In this definition, ‘profit’ stands for profit maximization, ‘planet’ for ecological quality and ‘people’ for human well-being in and outside the organization (Cramer, 2006).

Component profit

The profit component stands for more than net profit. It is also about how this profit is earned; it includes paying an honest price for raw materials and good working conditions for the employees. Instead of profit, ‘prosperity’ is currently also used (World Summit on Sustainable Development, 2002), because this influences a wider group.

Profit is the economic value created by the organization after deducting the costs of all inputs, including the costs of the capital tied up. It therefore differs from traditional accounting definitions of profit. In the original concept, within a sustainability framework, the profit aspect needs to be seen as the real economic benefit enjoyed by the host society. It is the real economic impact the organization has on its economic environment. This is often confused to be limited to the internal profit made by a company or organization (which nevertheless remains an essential starting point for the computation). Therefore, an original

TBL approach cannot be interpreted as simply traditional corporate accounting profit plus social and environmental impacts unless the ‘profits’ of other entities are included as a social benefits.

Component planet

The planet component stands for the environment, the everyday surroundings of people and animals and the way we treat them. This includes a reduction in waste products and energy consumption within the company and the production of materials that customers can use for this purpose.

Planet (or natural capital) refers to sustainable environmental practices. A TBL company endeavors to benefit the natural order as much as possible or at the least do no harm and curtail environmental impact. A TBL endeavor reduces its ecological footprint by, amongst other things, carefully managing its consumption of energy and non-renewables and reducing manufacturing waste as well as rendering waste less toxic before disposing of it in a safe and legal manner. ‘Cradle to grave’ is uppermost in the thoughts of TBL manufacturing businesses which typically conduct a life cycle assessment of products to determine what the true environmental cost is from the growth and harvesting of raw materials to manufacturing to distribution to possible disposal by the end user. A triple bottom line company does not produce harmful or destructive products such as weapons, toxic chemicals or batteries containing dangerous heavy metals for example.

Currently, the cost of disposing of non-degradable or toxic products is borne financially by governments and environmentally by the residents near the disposal site and elsewhere. In TBL thinking, an enterprise which produces and markets a product which will create a waste problem should not be given a free ride by society. It would be more equitable for the business which manufactures and sells a problematic product to bear part of the cost of its ultimate disposal.

Ecologically destructive practices, such as overfishing or other endangering depletions of resources are avoided by TBL companies. Often, environmental sustainability is the more profitable course for a business in the long run. Arguments that it costs more to be environmentally sound are often specious when the course of the business is analyzed over a period of time. Generally, sustainability reporting metrics are better quantified and standardized for environmental issues than for social ones. A number of respected reporting institutes and registries exist including the Global Reporting Initiative, CERES, Institute 4 Sustainability and others.

Component people

The people component stands for public interests and relations between people. This includes working in healthy and safe conditions, statutory working hours and combating forced labor and child labor.

People (human capital) pertain to fair and beneficial business practices toward labor and the community and region in which a corporation conducts its business. A TBL company conceives a reciprocal social structure in which the well-being of corporate, labor and other stakeholder's interests are interdependent.

A triple bottom line enterprise seeks to benefit many constituencies, not exploiting or endangering any group. The 'up-streaming' of a portion of profit from the marketing of finished goods back to the original producer of raw materials, i.e., a farmer in fair trade agricultural practice, is not an unusual feature. In concrete terms, a TBL business would not use child labor and would monitor all contracted companies for child labor exploitation, would pay fair salaries to its workers, would maintain a safe working environment and tolerable working hours, and would not otherwise exploit a community or its labor force. A TBL business also typically seeks to 'give back' by contributing to the strength and growth of its community with such things as healthcare and education. Quantifying this bottom line is relatively new, problematic and often subjective. The Global Reporting Initiative (GRI) has developed guidelines to enable corporations and NGOs alike to comparably report on the social impact of a business.

2.2.5 Conclusion

The previous paragraphs described CSR, CS and TBL. These subjects or characteristics are all part of the ideal picture of sustainable business. Figure 3 shows the relationship between these subjects and in chapter one sustainable business was defined as: "... an enterprise that has no negative impact on the global or local environment, community, society, or economy - an enterprise that strives to meet the triple bottom line and is able to continue over a period of time." Sustainable business has all the features of these three topics and therefore they were elaborated to gain more insight in the concept of sustainable business. This is done by pointing out that CSR is a concept that has changed over time and still is changing. Above CSR (figure 2) there is the concept of CS with its four responsibilities on the road to CSR. Under (figure 2) or in CSR (figure 3) there are three responsibilities or components: people, planet and profit. These responsibilities or components are part of TBL. In the forthcoming part of this study will we focus especially on the three aspects of TBL: people, planet and profit. The introduction of the three topics shows that the definition of sustainable business can be explained in several ways, has changed over time and is still changing.

2.3 Characteristics of the Netherlands

2.3.1 Theoretical lens: neo-institutional theory

In order to compare the Netherlands with South Africa 'effectively', it is first necessary to choose a theoretical perspective which can explain the situation in both countries in a more abstract way. A relevant perspective in this context is the neo-institutional theory, which assumes that organizations are embedded in 'institutional orders' such as the economy, the

political system, religion, etc. It is furthermore assumed that these institutional orders infuse behavior of 'stakeholders' by means of values and rules. Organizations themselves create these institutional pressures, norms and values. From an organizational point of view, creating this pressure should lead to political power and legitimacy, as well as to social and economic fitness (DiMaggio & Powell, 1983). This idea was countered by Meyer and Rowan (1977), who stated that a high degree of institutionalization would lead to lowered organizational efficiency.

2.3.2 PEST analysis

Based on the theoretical foundation presented in the previous paragraph, 'PEST analysis' will be used in this paragraph to describe the situation in the Netherlands on four factors that could be described as the 'institutional environment', consisting of political, economical, social, and technological issues. Johnson, Scholes and Whittington (2008) describe the factors that make up the PEST framework of macro-environmental factors as follows: "Political, Economical, Social and Technological" (Appendix I).

Political issues

In 2001 the Dutch government started to recognize the importance of sustainability by publishing a report on CSR ('Maatschappelijk Verantwoord Ondernemen' in Dutch; MVO). It was the first time that the government dealt with this topic as an independent policy subject and the topic has been under continuous attention since then (Rijksoverheid, 2007). In the Cabinet's vision towards MVO for the years 2008-2011, the government aims at several points. Amongst others, the first one is creating awareness about MVO in small and medium enterprises by means of promotion campaigns and by providing support in different ways. The organization 'MVO Netherlands' is made responsible for this task. Another one is to improve cooperation bonds between companies that already actively involve MVO in their business processes, such as multinationals like Philips, Unilever and Akzo Nobel. The government is trying to achieve its goals in cooperation with local governments, NGO's and the Dutch Social-Economic Council ('SER') representing trade unions and employer's organizations ('social partners').

Economical issues

The Dutch economy is known for its stable industrial relations, moderate unemployment and inflation, and its important role as a European transportation hub. Industrial activity is concentrated predominantly on food processing, chemicals, petroleum refining, and electrical machinery. A highly mechanized agricultural sector employs only 2% of the labor force but provides large surpluses for the food-processing industry and for exports. Recently, the Dutch economy, as well as other European economies, suffered from the global economic crisis

since exports declined for about 25% due to a lower demand worldwide (CIA, 2010). Although the economic crisis had a large impact on the Netherlands, the country is still significantly wealthier than South Africa when looking at the gross domestic product based on purchasing-power-parity (PPP) per capita GDP: 10,244 in South Africa versus 39,938 in the Netherlands (IMF, 2010).

Social issues

The Netherlands is regarded as a liberal and tolerant country, considering its drugs policy and legislation with regard to prostitution, abortion, and euthanasia for example. The Netherlands is a wealthy country in which every child 'logically' goes to school from the age of 4 until 16 minimally, in which there is a high quality health care system, enough and high quality education possibilities and social security. However, the Dutch population is also ageing, which can have a great impact on the economy and a higher demand for health care in the near future (CBS & CIA, 2010).

Technological issues

The Netherlands is a highly developed and knowledge-rich country thanks to several technical and non-technical universities, institutions for higher professional education as well as a high degree of large international companies based in the Netherlands such as Philips, Shell, Unilever and ASML. Innovation and technology are inherently connected to these companies. The Dutch government also puts effort into innovation and technological development by means of cooperation with knowledge-rich companies. For example, the Innovation Platform was set up in which managers, researchers and representatives of the government worked together to advise the government on themes regarding innovation, research, and sustainable development (CBS & CIA, 2010).

2.3.3 Sustainable development and business in the Netherlands

In 2009, the Dutch Cabinet asked Statistics Netherlands (CBS), the Netherlands Bureau for Economic Policy Analysis (CPB), the Netherlands Environmental Assessment Agency (PBL) and the Netherlands Institute for Social Research (SCP), to develop a Sustainability Monitor for the Netherlands. The goal of this monitor was to provide insight in the current status of the Netherlands concerning sustainable development, and this document will therefore be used in this paragraph.

Since World War II, the Netherlands has been developing continuously in many perspectives. This has, amongst other things, lead to a high quality health care sector, plenty opportunities in education, a social security network, and a high knowledge base with regard to many different disciplines. These characteristics make the Netherlands a wealthy country which is a good foundation for sustainable business (Statistics Netherlands, 2009).

Three areas of attention are noted specifically with regard to sustainable development and business: labor and ageing, knowledge, and social cohesion. The main concern regarding the area of labor and ageing is that the ageing population will put pressure on labor participation as employees are (still) allowed to resign at the age of 65, although this is about to change with the new administration. According to the authors (Statistics Netherlands, 2009) this problem can be countered by extensively involving other groups in the labor market such as women, older people and ethnic minorities.

In the area of knowledge it is stated that, although the Dutch education system is rather good, drop-out rates and teacher shortages are points of concern. Furthermore Dutch knowledge institutes such as universities and research centers only transfer and ‘translate’ their knowledge to a small extent to businesses, and businesses for their part also fail to share their insights with knowledge institutes. This has to be improved to keep the knowledge economy running and expanding.

With regard to social cohesion, there are some minor concerns about the fact a considerable amount of Dutch people doubts whether they are willing to help others in times of difficulty; a matter of trust according to the authors. Although no critical point is formulated about this theme, it is said that smaller differences between societal groups is better for social cohesion, and sustainable development in the end.

This report (Statistics Netherlands, 2009) is related to the Triple Bottom Line theory and its three P’s presented earlier. In order to perform sustainable business it is necessary to consider not only the three areas of concern mentioned above, but especially the key aspects mentioned in the report under the headings ‘natural capital’ (climate and energy, biodiversity, and soil, water and air), ‘social capital’ (social participation, and trust), ‘human capital’ (utilization of labor, education, and health), and ‘economic capital’ (physical capital, and knowledge). Thus the people component from the Triple Bottom Line theory fits the human and social capital factors, while the planet component is represented in the natural capital factor and the profit component is represented in the economic capital factor.

2.4 Characteristics of South Africa

2.4.1 Theoretical lens: neo-institutional theory

In order to compare the Netherlands with South Africa ‘effectively’ it is first necessary to choose a theoretical perspective explaining the situation in both countries in a more abstract way. A relevant perspective in this context is the neo-institutional theory, which assumes that organizations are embedded in ‘institutional orders’ such as the economy, the political system, religion, etc. It is furthermore assumed that these institutional orders infuse behavior of ‘stakeholders’ by means of values and rules. Organizations themselves create these institutional pressures, norms and values. From an organizational point of view, Meyer and Rowan (1977), stated that a high degree of institutionalization would lead to lowered

organizational efficiency. This idea was countered by DiMaggio & Powel (1983) who stated that creating this pressure should lead to political power and legitimacy, as well as to social and economic fitness.

2.4.2 PEST analysis

Based on the theoretical foundation presented in the previous paragraph, 'PEST analysis' will be used in this paragraph to describe the South African situation on four factors that could be described as the 'institutional environment', consisting of political, economical, social, and technological issues. Johnson, Scholes and Whittington (2008) describe the factors that make up the PEST framework of macro-environmental factors as follows: "Political, Economical, Social and Technological" (Appendix I).

Political issues

Before South Africa became a democracy in 1994, the apartheid regime systematically excluded African and colored people from an active participation in society. Besides discrimination, this unavoidably led to much poverty and suffering. However, since 2003 the Black Economic Empowerment (BEE) Act came into existence, which is especially focused on getting all people and communities involved in the economy. This is achieved by means of legislation and regulation. Progress in empowerment is, amongst others, measured with regard to employment equity, ownership and control over companies and assets, and human resource development (South Africa.info, 2008). According to the author on South Africa.info, BEE has a substantive positive effect on the South African economy.

Economical issues

Income and wealth are exceptionally unequally distributed amongst different race groups in South Africa because of the apartheid era. As a result, 50% of the total population received only 11% of the total income, while the richest 7% of the population received 40% of total income (Du Croix, Grolleman, Van Kooij, Nijhuis, 2001). What is also shocking with regard to the economical consequences of the apartheid is an unemployment rate of 30%, compared to 3.5% in the Netherlands in 1999 (Du Croix, Grolleman, Van Kooij, Nijhuis, 2001). According to Statistics South Africa (2010), the unemployment rate in the first quarter of 2010 is 25.2%, which is still far too high, but gradually moving in the right direction.

Social issues

A large part of the black South Africans lives in extreme poverty as a consequence of the apartheid era. Furthermore, many black people still have little or no access to education, health care, and clean drinking water. It is therefore not really strange that South Africa has high crime rates. Another major problem is HIV/Aids. The World Health Organization

published an estimated prevalence of 18.1% in the age group 15-49 years old at the end of 2007 (Avert, 2010), which means around 5.7 million South Africans were living with HIV, including approximately 280.000 children under 15 years old (UNAIDS, 2008).

Technological issues

The South African government did not focus on technological and scientific development until 1996 when the 'White Paper' was published. This paper included a clear vision on how science and technology can enhance the nation's future and opportunities for (sustainable) development. As a result of this new policy, transportation opportunities have increased significantly as well as telecommunication, internet, and the availability of electricity, as compared to other African countries. For example, South Africa is in the top 20 of Internet usage by countries worldwide (Du Croix, Grolleman, Van Kooij, Nijhuis, 2001), although there is a large group that is still excluded.

2.4.3 Sustainable development and business in South Africa

In South Africa, the context and definition of sustainable business and sustainable development have been significantly influenced by the legacy of colonialism and apartheid, where big business have been implicated in this history in both negative and positive ways. Due to this complex history, the notion of sustainable business is particularly multi-faceted for businesses in South Africa. An important implication is that big businesses, in particular, are often faced with significant distrust from civil society organizations (Donk & Pieterse, 2004).

South Africa's historical legacy includes racially skewed participation and ownership of the economy, structural unemployment, widespread poverty, and low levels of education and training. Such factors have also contributed to significant health challenges, foremost that of the HIV/AIDS epidemic.

Although these challenges are not unique to South Africa, the country's history has given them a particular character that shapes the definition and implementation of sustainable business related activities. Hence, debates related to sustainable business in South Africa are characterized by the prominence of certain national priority issues, such as transformation and affirmative action, education, skills development and HIV/AIDS. The South African government plays a more proactive role in influencing the social role of business than in most other countries.

Some of the country's socio-economic challenges also affect companies directly, and enlightened self-interest informs companies' responses. A prominent example is HIV/AIDS. Many large companies have realized that comprehensive, targeted efforts are necessary to reduce and mitigate for the effect of the epidemic on their workforce.

Behind some of these particular socio-economic challenges, lie some important potential business opportunities. This gives sustainable business in South Africa a particular flavor, even though the label sustainable business might not be applied to some of these initiatives. One example is the recent effort by financial institutions to extend access to financial services to the poor, the main incentive for this are expanding the market and responding to state and civil society pressure.

The historically dominant conception of sustainable business has been in terms of corporate social investment (CSI) or philanthropic initiatives in education, health, or welfare at the national or local level. Total company expenditure in these areas in the financial year 2003/2004 was estimated at about ZAR 2.4 billion. Most importantly, CSI is easily criticized for its “add-on” nature, without much influence on companies’ core business (CIA, 2010).

Since around 1992, at the time of the Rio Earth Summit, a broader view of sustainable business has been emerging in connection with the international discourse on sustainable development. The corporate response to the broader sustainability agenda in South Africa was promoted in the mid 1990s following the reinvestment in this country of certain multinationals, as well as the movement outside of the primary listings of several large South African companies. Commonly cited reasons for this increased leadership role are the stringent risk management guidelines of major stock exchanges, as well as greater scrutiny by large institutional investors and international NGOs. The role of investors in pushing sustainable business has become more prominent in the wake of dedicated sustainable business indices on major stock exchanges.

Arguably a select number of South African-based companies have been playing a leadership role in terms of broader social management issues and sustainability reporting. Generally, however, these activities are limited to larger, prominent companies that are either publicly listed or partly state-owned.

Parallel to the sustainable business indices on major stock exchanges, the international drivers also include a growing range of guidelines and standards such as the ISO 14000 series. Another significant development in the local sustainable business landscape was the publication of the King II code that has been adopted, in part, by the JSE Securities Exchange as a listing requirement. A further important development relates to the role of investors in pushing the CSR agenda, as is seen with the JSE’s Socially Responsible Investment Index (Esty, Levy, Srebotnjak & Sherbinin, 2005).

The evolving definition of sustainable business in South Africa has been significantly influenced recently by the state-led initiatives relating to black economic empowerment (BEE). The aim of these initiatives is to redress the racial imbalances resulting from the apartheid. South Africa’s sustainable business agenda is increasingly being defined by the extent to which BEE will benefit the poor, which will depend not only on the state, but also on companies’ interpretation of BEE.

Notwithstanding the common assumption that sustainable business is primarily about voluntary initiatives, national legislation plays a crucial role in the development of South Africa's sustainable business agenda. One of the possible reasons for this may be the fact that South Africa has gone further than most other states to legislate on social issues. Furthermore, there is often a significant gap between stated policy and its implementation, with compliance in some instances becoming an issue of business voluntarism.

The South African State has embarked on an ambitious law reform program since the inception of the country's democratic dispensation in 1994. There have been numerous legislative developments that are pertinent in shaping the country's sustainable business landscape with an understandable focus on socio-economic priorities. Other drivers include labor; occupational safety and health matters; governance and transparency; stakeholder engagement; community development and environmental considerations. CSR however does not constitute a dedicated focus area within the government (Hanks, Hamann & Sayers, 2007).

2.5 Characteristics logistic sector South Africa and the Netherlands

There are a number of commonly accepted definitions of logistics. One simple definition is the "Seven R's of Logistics". The Seven R's defines logistics as ensuring the availability of the right product, in the right quantity and the right condition, at the right place, at the right time, for the right customer, at the right cost (Sharipo, 1985). A second definition is one that was adopted by the Council of Logistics Management (1998), which states "Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption in order to meet customers' requirements. Finally, a much simpler definition of logistics is offered by Robert V. Delaney (1996), in his statement that "Logistics is the management of inventory in motion and at rest ... (and that) the goal of the logistics manager is to achieve the lowest level of investment in inventory consistent with ensuring customer service and maintaining efficient production. This section of chapter two describes the logistics of South Africa and the Netherlands first by general characteristics and secondly by graphics and tables showing how they are ranked by the Logistic Performance Index 2010 (LPI) and the Environmental Performance Index 2010 (EPI).

2.5.1 Logistics South Africa

The South African transport sector employs 584 000 people in the formal and informal sectors, representing 4.3% of the active population. The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system, by planning, developing, coordinating, promoting and implementing transport policies and strategies. The fourth State of Logistics Survey (2007) shows that about 87% of all land freight tonnage is carried by road, while the remainder is carried by rail. Generally, road

transport costs anything between 30% and 50% more than rail transport; these are additional costs which cargo owners and end users have to bear. The National Freight Logistics Strategy is being implemented and seeks, among other things, to integrate the first and second economies, and to support the integration of marginalized local economies with main logistics corridors. The key objective is to reduce the costs of doing business and remove inefficiencies placed on businesses and their long-term sustainability. The Department of Transport, in close co-operation with the provincial road-traffic authorities, is implementing the National Overload Control Strategy to protect road infrastructure, improve road safety and ensure seamless movement of cargo.

While many countries and businesses around the world are debating the merits of climate change policies, and taking measured approaches to implementing green best practices, others haven't even approached the table. Failing to apply and comply with green supply chain best practices can stress economic growth and recovery, a reality that is unfolding in South Africa. A recent study exploring cross-industry sustainability efforts states that over 40 percent of surveyed companies in South Africa are not implementing environmentally sustainable business strategies – potentially jeopardizing their own long-term sustainability.

The Supply Chain Intelligence Report (SCIR) 2009, conducted by Terranova Research, an England-based market research company, surveyed more than 200 senior company officials across all major industries in South Africa. Terranova's research reports that 41.3 percent of participating companies have no plans to incorporate metrics that measure their impact on the environment. The key performance indicators (KPIs) listed in the survey include energy consumption and carbon emissions from supply chain operations; water consumption from manufacturing operations; infrastructure simplification; and reverse logistics.

The study suggest that green non-compliance hampers the country's competitiveness on a global scale. South African companies manufacturing products for export will find it increasingly difficult to escape international pressure – particularly from the United States and Europe – to monitor and report on their operations' environmental impact. "The unwillingness of more than 40 percent of South African companies taking part in this survey to adopt new and important environmental KPIs is alarming, particularly in light of the country's precarious energy situation," observes Graham Terry, head of the Office of the Executive President at the South African Institute of Chartered Accountants. South African companies that want to get ahead of the competition and position themselves for long-term growth urgently need to start thinking green and developing sustainable approaches to sourcing and supply chain management, adds Terry. He also notes: "The competitive realities of the current economic environment demand that companies proactively manage new customer needs and expectations, as well as increasing environmental regulations."

2.5.2 Logistics Netherlands

The Netherlands has always been considered the ideal site for pan-European logistics operations, servicing clients in the European Union and beyond. Two of the most important factors contributing to this reputation are: the country's central location in north-western Europe, home to the main ports of Rotterdam and Schiphol and close to the important markets of Germany, France, and the UK; and its advanced infrastructure, with a dense network of motorways and railways, completed by an extensive inland waterway network.

In the Netherlands, there are some 12,000 companies offering road haulage services, ranging from very small, one-truck outfits to large international players. Nearly 75% of all goods in Europe are transported by road, and some 30% of all cross-border road transportation of goods within the EU is carried by Dutch transport firms. Of these, approximately 500 major and medium-sized operators offer a full range of integrated logistics services.

The Dutch logistics industry is renowned for its excellence. The fact that around 75% of all the European Distribution Center operations of foreign investors in the Netherlands are outsourced to local logistics service providers is living proof of the quality of the industry. Some 150 logistics service providers operate general and specialty warehousing facilities in the Netherlands, ranging from 5,000 m² up to 500,000 m² per company. When planning to outsource your European distribution activities (transport and/or warehousing and/or value added logistics) to a logistics service provider, it is important to find the right partner, one that meets your company's specific requirements. In the Netherlands, a large number of logistics service providers can be found for each and every service that is required. This means not only choice but also competitiveness among these providers. Due to free competition and a minimum degree of government interference, Dutch logistics companies offer the best price-quality transportation and distribution services in Europe.

The Dutch government wants to make the Netherlands one of the cleanest and most efficient energy countries in Europe. By the year 2020, the Netherlands aims to reduce greenhouse gas emissions by 30% compared to 1990 levels, increase the proportion of renewable energy to 20% and improve energy savings by 2% percent each year. This applies not just to road traffic, but also to inland navigation, maritime shipping and aviation. To achieve these targets, the program 'Clean and Efficient: New energy for climate policy' ('Werkprogramma Schoon en Zuinig') was introduced in September 2007. This program refers, for instance, to measures for traffic and transport which encompass stimulating efficient vehicles (greening the tax system), efficient driving habits, stimulating more efficient transport modalities, and cleaner fuels for both the business- and the private sectors.

2.5.3 Logistics performance index & Environment performance index

The LPI (2010) is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. Table 1 shows the differences between the Netherlands and South Africa on 7 aspects. As you can see the Netherlands have a higher LPI than South Africa. Furthermore on all the different aspects the Netherlands have a higher score than South Africa which means the Netherlands are performing better on logistics than South Africa.

Country	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Netherlands	4.07	3.98	4.25	3.61	4.15	4.12	4.41
South Africa	3.46	3.22	3.42	3.26	3.59	3.73	3.57

Table 1: LPI 2010, the Netherlands and South Africa

1. LPI = Logistics performance index
2. Customs = Efficiency of the clearance process (i.e. speed, simplicity and predictability of formalities) by border control agencies, including Customs
3. Infrastructure = Quality of trade and transport related infrastructure (e.g. ports, railroads, roads, information technology)
4. International shipments = Ease of arranging competitively priced shipments
5. Logistics competence = Competence and quality of logistics services (e.g. transport operators, customs brokers)
6. Tracking and tracing = Ability to track and trace consignments
7. Timeliness = Timeliness of shipments in reaching destination within the scheduled or expected delivery time

In the international ranking of 2010, the Netherlands are placed on the 4th position. Germany, Singapore and Sweden are with respectively 4.08, 4.09 and 4.11 a little bit better. In 2007 the Netherlands were standing on the 2nd place, behind Singapore. So since 2007 a little drop was verified and they are no longer at the head of Europe. South Africa is placed on the 28th place of the international ranking of 2010 with respectively 3.46. It is the number one of the continent, Africa. In 2007 South Africa was ranked on the 24th place and also the number one of its continent.

	Netherlands			South Africa	
Overall LPI	score	4.07	Overall LPI	score	3.46
	rank	4		rank	28
Customs	score	3.98	Customs	score	3.22
	rank	4		rank	31
Infrastructure	score	4.25	Infrastructure	score	3.42
	rank	2		rank	29
International shipments	score	3.61	International shipments	score	3.26
	rank	11		rank	31
Logistics competence	score	4.15	Logistics competence	score	3.59
	rank	3		rank	25
Tracking & tracing	score	4.12	Tracking & tracing	score	3.73
	rank	9		rank	24
Timeliness	score	4.41	Timeliness	score	3.57
	rank	6		rank	57

Table 2: LPI 2010, the Netherlands and South Africa

Both countries dropped behind a little when comparing 2007 with 2010 which can mean that competitiveness has increased or that measurements have improved. But still, both countries are in the top of their continents and are performing well on logistics.

The 2010 Environmental Performance Index (EPI) ranks 163 countries on 25 performance indicators tracked across ten policy categories covering both environmental, public health, and ecosystem vitality. These indicators provide a gauge at a national government scale of how close countries are to established environmental policy goals.

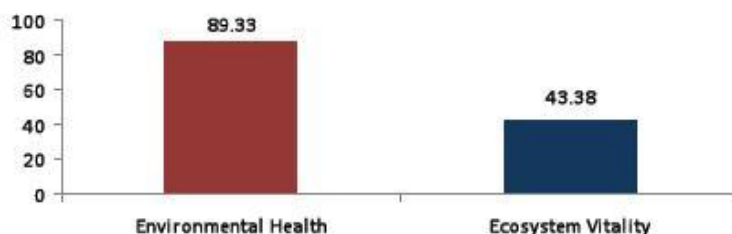
Netherlands = 47th with an EPI score of 66.4

Netherlands

EUROPE

GDP/capita 2007 est. (PPP) \$36,956
Income Decile 1 (1=high, 10=low)

Environmental objectives:



2010 ENVIRONMENTAL PERFORMANCE INDEX	
Rank:	47
Score:	66.4
Income Group Average:	67.1
Geographic Group Average:	71.5

Figure 4: EPI 2010, the Netherlands

South Africa = 115th with an EPI score of 50.8

South Africa

SUB-SAHARAN AFRICA

GDP/capita 2007 est. (PPP) \$9,224
 Income Decile 5 (1=high, 10=low)

2010 ENVIRONMENTAL PERFORMANCE INDEX	
Rank:	115
Score:	50.8
Income Group Average:	65.7
Geographic Group Average:	47.3

Environmental objectives:

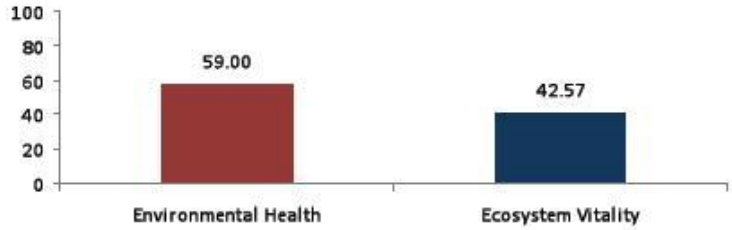


Figure 5: EPI 2010, South Africa

As the figures show, the Netherlands is higher ranked than South Africa. Respectively, rank 47 and 115. In comparison with the LPI, this is a much bigger difference. The Netherlands is performing better on environmental aspects. Besides, the huge difference on score and position on the EPI, the Netherlands has an EPI score of 66.4 which is low in comparison to its geographic group average which is an EPI of 71.5. On the other hand South Africa has an EPI score of 50.8 but it has a higher score than its geographic group average, which is an EPI of 47.3. Thus, both countries are performing better on the environment health aspect than the ecosystem vitality.

The conclusion of these two indexes are that, in a logistics way, the Netherlands and South Africa are leaders of their continents and the differences between them are not that big. On the other hand, the environment index shows that there is a big difference between the two countries. First in the rank on the EPI and secondly in the position of their continent, the Netherlands is performing below its geographic group average and South Africa above. So, on the EPI aspect, South Africa is still a leader of its continent and the Netherlands isn't any more.

2.6 Commercial diplomacy

In order to investigate in which way the Dutch Embassy can support Dutch companies in South Africa in doing sustainable business, this section of chapter two goes deeper in to the subject of commercial diplomacy.

2.6.1 Definition

Commercial diplomacy has been introduced relatively late in the whole range of diplomatic activities led by state representatives. Better known are activity fields as economic, military or political diplomacy. There are several different angles regarding the content and purpose of commercial diplomacy. For example, according to R. Saner & L. Yiu (2003) Commercial diplomacy describes the work of diplomatic missions in support of the home country's business and finance sectors in their pursuit of economic success and the country's general objective of national development. It includes the promotion of inward and outward investment as well as trade. Important aspects of a commercial diplomats' work is supplying information about export and investment opportunities and organizing and helping to act as hosts to trade missions from home. In some cases, commercial diplomats could also promote economic ties through advisory and support of both domestic and foreign companies on investment decisions. Another definition according to D. Lee (2004): commercial diplomacy is best defined as the work of a network of public and private actors who manage commercial relations using diplomatic channels and processes. Commercial diplomacy involves the promotion of inward and outward investment and the promotion of exports and trade. Later in time, D. Lee & D. Hudson (2004) came with another definition of commercial diplomacy: commercial diplomacy is the work of public officials from Foreign Ministries and overseas missions and officials from other government departments such as Trade/Commerce as well as private economic actors in support of the business and finance sectors of the economy. Commercial diplomacy involves the promotion of inward and outward investment and the promotion of exports in trade.

Nowadays according to Harry Kopp (2005) "Commercial diplomacy involves business and government overseas in cooperative efforts to achieve commercial objectives that advance national interests" and according to Naray (2008): Commercial diplomacy is an activity conducted by state representatives with diplomatic status in view of business promotion between a home and a host country. It aims at encouraging business development through a series of business promotion and facilitation activities.

2.6.2 Purpose and main activities

According to Bergeijk and Melissen (2010) the Netherlands is, even more than in the past, a trading nation which is dependent on commercial partners throughout the world. Commercial diplomacy is an activity conducted by state representatives with diplomatic status in view of business promotion between a home and a host country. It aims at encouraging business development through a series of business promotion and facilitation activities (Naray, 2008).

Commercial diplomats located abroad undertake business facilitation activities in the field of trade, investment, tourism, country image, and promotion of science & technology. They usually are staff members of a diplomatic mission or heads of a "commercial

representation” abroad with a diplomatic status (Naray, 2008). Naray (2008) characterized these activities and made a clear overview within a matrix (appendix II). Nowadays our foreign trade provides work and employment to a lot of people in the Netherlands, which means that the present and future prosperity and security depend to a decisive degree upon economic exchanges with our partners in Europe and overseas (Herbst, 1996).

According to M. Kostecki and O. Naray (2007), the major support activity of commercial diplomacy is gathering intelligence, which includes information search and dealing with business enquiries from the home and host country firms (appendix III). The commercial diplomat’s public relations activities essentially aim at maintaining good contacts with business leaders and authorities and cover advocacy efforts aimed at the protections of the home country’s business interests in public hearing or consultations in the host country’s legislative process.

Garten (2007) speaks about a critical need for governments and companies to act together and realize mutual benefits. Due to globalization and the approach of the world as one market, countries can no longer generate enough growth, jobs profits and savings from their domestic sources alone (Garten, 1997). Government objectives in business promotion, which is commercial diplomacy, are ultimately to create jobs, increase tax revenues and stimulate economic growth (Kotabe and Czinkota, 1992). Dutch business depends on governmental help to liberalize trade, protect intellectual property, remove regulatory barriers, and encourage continued economic integration. For example: Government-business partnerships have become a key organizing principle in contemporary U.K. diplomacy - so much so that public interest is increasingly conceptualized as a collective of private business interests. (Donna and Lee, 2004).

2.6.3 Characteristics of a commercial diplomat

Carron de la Carrière (1998) argues that business support is no job for traditional diplomats; rather, the job finds its roots and challenges in marketing, market knowledge, commercial and financial techniques which are in general not expected from traditional career diplomats. Commercial diplomats are expected not only to have business training and education but also direct experience in the private sector. In Ireland, it is encouraged for commercial diplomats to go back to the private sector after 3 to 4 years of diplomatic activity. On the other hand, countries like Japan and Korea encourage their commercial diplomats to continue in the same position for a longer period of time to ensure good local networks and experience.

A large part of the commercial diplomat’s work consists of reporting to the government on economic developments in the host country (Herbst, 1996). Assistance in matchmaking for companies with local or national companies/authorities is an important commercial diplomatic activity too, but it usually involves no responsibilities concerning the outcome of transactions and no involvement in the obtained agreements on the part of

commercial diplomats. Although a commercial diplomat may be useful, he cannot substitute a business firm in international markets. A commercial diplomat should assist a large range of companies rather than supporting individual firms.

Important aspects of a commercial diplomat's work also consist of providing insights in investment opportunities and promoting business relations through advising and supporting both domestic and foreign companies in the implementation of their Foreign Direct Investment (FDI) projects (Saner and Yiu, 2003). The local knowledge of a commercial diplomat is particularly useful in helping business people to participate in trade fairs, trade displays, store promotions, social receptions for local leaders, trade and technical symposia, etc. (Carron de la Carrière, 1998). Given the growing role of Internet it is likely that commercial diplomats will more and more assume a role in increasing the credibility of "virtual" business relations, which is a major business concern (Rana, 2001, in Naray, 2008).

Finally, Naray (2008) conducted an empirical research to find out what kind of different work styles could be characterized and which style of commercial diplomacy should be favored. Commercial diplomat's style does not only depend on national parameters and, the approach to style can evolve quickly due to foreign influence, the diplomatic or commercial background and personality for instance. Three different work styles have been elaborated; the business promoter, the civil servant and the generalist.

A *business promoter* may be described as a business-oriented, pro-active Corps Diplomatic (CD) who seeks the satisfaction of the companies served (rather than that of the ministry). His major role is to provide consultancy-like services requested by business firms. Knowing business, they are close to managers, have a solid technical know-how and entrepreneurial approach. Usually located in the economic capital of a host country, possibly with branches in the main industrial regions, they have a hands-on vision of support activities. Most of the consultancy services they offer are provided against payment. To put it in the words of an Irish expert, the most successful CDs are those who work mainly for the clients (Naray, 2008).

A *civil servant* CD has a behavioral pattern of an employee of the ministry of trade. These CDs tend to be re-active rather than pro-active and keep their distance from business agreements (an arms-length approach). A civil servant CD typically emphasizes policy implementation rather than business support and is more responsive to government instructions than to client needs. His strength is to provide a link between business and the ministry rather than to stimulate business operations (Naray, 2008).

A *generalist* CD is a career diplomat assuming business support functions on an ad hoc basis or in addition to other diplomatic duties. Typically, they tend to be less technical than the two former types. However, they may offer good contacts (especially at ambassador level) and place commercial diplomacy activities within a broader context of foreign aid programs and national diplomacy (Naray, 2008).

2.7 Research model

In the previous sections, important aspects of sustainable business, characteristics of the Netherland and South Africa and commercial diplomacy have been highlighted and summarized. These sections provide the researcher some building blocks to derive his model from the theory and should be applicable in the field research. After having reviewed a diversity of literature and books, it was found that existing models were not resembling and transferable in this case. The difficulties encountered in finding applicable models in scientific articles are twofold. At first, both sustainable business in logistics and commercial diplomacy are relatively new scientific topics, and few empirical scientific research has been done. Secondly, this study contains theoretical fields that were never used together in one model. Therefore, a new model had to be built, where the theoretical fields are combined, thus covering all relevancies in order to obtain insight in the research question as formulated in chapter one:

“What are the differences and similarities in doing sustainable business between South African and Dutch companies in the logistics sector and in which way can the Dutch Embassy support Dutch companies in South Africa in doing sustainable business?”

Figure 6 is a graphical representation of the theoretical framework presented in the previous paragraphs. The various concepts are also explained in these paragraphs. The research model shows that sustainable business in logistics can be influenced by characteristics of a country and as such can be the source of any differences or comparisons between two countries. This research model serves the purpose to elaborate on commercial diplomatic activities from a new angle and to get a better understanding within a new perspective.

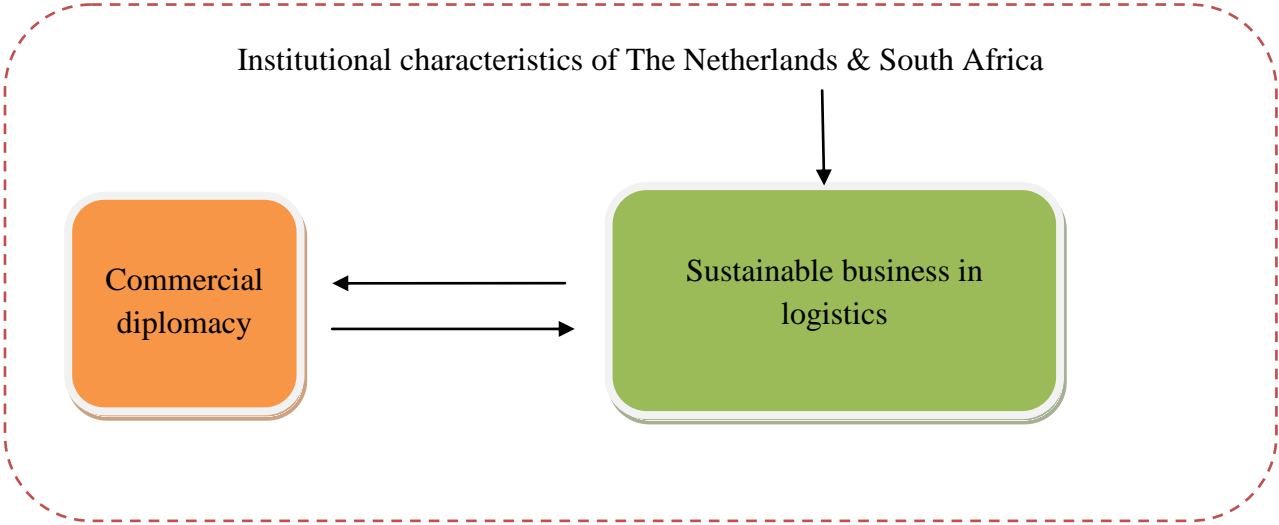


Figure 6: Research model

3. Methodology

3.1 Introduction

This research project can be classified as explorative by nature as comparative studies on sustainable business in the logistics sector are relatively scarce. Explorative and inductive because there is not much known about this specific situation at hand and there is no information available on how similar problems or research issues have been solved in the past. A little observation has to be made on this: there is a lot of information on sustainable business and related subjects but not on sustainable business in the logistics sector. In this chapter, the methods of data collection will be chosen and evaluated. The different methodological aspects about the data collection will be presented in the upcoming sections. Section 3.2 will describe the research design, section 3.3 the data collection and the sample description. Section 3.4 describes the topic list used during the interviews, section 3.5 describes the data processing and analysis, section 3.6 describes reliability and validity.

3.2 Research design

This research follows a qualitative research design based on an inductive approach, an exploratory purpose with a case study research strategy. The inductive research approach means that data are collected and a theory is developed as a result of the data analysis. This research is inductive as there exists not much research on sustainable business in the logistics sector.

The purpose of this research is exploratory. An exploratory study is a valuable means of finding out ‘what is happening; to seek new insights; to ask questions and to assess phenomena in a new light’ (Robson, 2002). Its great advantage is that it is flexible and adaptable to change. When conducting an exploratory research one must be willing to change direction as a result of new data that appear and new insights that occur (Saunders, 2009). Arguing that flexibility is inherent to exploratory research does not mean absence of direction of the enquiry. What it does mean is that the focus is initially broad and becomes progressively narrower as the research progresses (Adams & Schvaneveldt, 1991).

The research strategy used in this research are cases. This is a strategy involving empirical investigations of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Robson, 2002).

3.3 Data collection and sample description

Data are, as far as possible, collected by means of semi-structured face-to-face interviews. In case face-to-face interviews are not possible, other options are: making use of telephone or e-mail interviews. Interviews, either face-to-face, via telephone or e-mail, are the only way to investigate the subject properly as it is impossible to directly observe a company’s ‘sustainable behavior’. In order to inform the interviewee about the subject and to prepare him

for the questions, the interview questions were sent one day before the actual interview took place.

The research sample consists of 11 South African companies within the logistics sector. The logistics sector is chosen for several reasons as explained previously in chapter one. The companies are chosen with the help of a database from the embassy. We tried to make an as equal possible distribution in sector and size of the companies.

3.4 Topic list

The topic list that is used for the interviews is based on the theoretical framework presented in the previous chapter and is formulated as follows:

About the company

1. In which area of transport is your company active?
2. How many employees does your company have?

Sustainable business

1. How would you define sustainable business?
2. What does your company do in terms of sustainable business?
3. What is your company's motivation for pursuing sustainable business / or not?
4. Which key factors hamper and/or promote sustainable business?

Triple Bottom Line (TBL)

5. How is the P of Planet represented in your company?
6. How is the P of People represented in your company?
7. How is the P of Profit represented in your company?
8. If you look at the three P's, on which P does your company focus the most and why?
9. What are, according to you, the differences and/or similarities in doing sustainable business between South African and Dutch companies in the logistics sector?

3.5 Data processing and analysis

All interviews are recorded and then transcribed. Subsequently, the data are systematically summarized per question by means of frequently recurring themes / subjects, which, on their turn, will be used for the interpretation of the results. Therefore chapter four first presents the results of:

- Sector analysis; in which sectors are the companies acting;
- Operational level; management or lower management;
- Size of the companies; how many employees;
- Combination; sector analysis and size of the companies combined.

Secondly the results of the interpretation of sustainable business are presented. In this part the result shows their definition of sustainable business, what they do in terms of sustainability,

what their motivation (or not) is for pursuing sustainability and what the key factors are which hamper or promote sustainability.

3.6 Notes on reliability and validity

One advantage of qualitative methods in exploratory research is that use of open-ended questions and probing gives participants the opportunity to respond in their own words, rather than forcing them to choose from fixed responses, as quantitative methods do. The advantage of using qualitative methods is that they generate rich, detailed data. Another advantage of qualitative methods is that they allow the researcher the flexibility to probe initial participant responses – that is, to ask why or how. The researcher must listen carefully to what participants say, engage with them according to their individual personalities and styles, and use “probes” to encourage them to elaborate on their answers. Also, to increase the reliability, the same topic list is used for each interview and was send one day before the interview took place. After the elaboration of the interviews, the interviews were send back to the interviewee’s to check the results of their interview this in order to increase the reliability. With regard to the validity of this study it should be noted that every researcher works adequate and research is done with a reason.

4. Results

4.1 Introduction

This part of the research represents the results of the interviews that are held under different types of companies in the logistics sector. Part I shows the sectors of activity of the respective companies, the operational level of the interviewee's, the amount of employees per company and a combination of size and sector. Part II represents the results of what is sustainable business according to the interviewed companies, what are they working on in terms of sustainability, and what are the hampers, promoters and key factors of sustainability. Part III is all about the TBL and on which of the three P's they focus the most and why. And Part IV finishes with the result of the research question according to the interviewed companies.

4.2 Part I – About your company

Part I is about the company; results of the companies as a whole (sector, operational level and size) and besides that we can present results per area and or per size.

Sector	Air	Rail	Road	Sea
Frequency	5	3	7	6

The companies that are interviewed represent one or more sectors of the logistic sector, that's the reason why the above table has a bigger total amount than the total amount of the interviews. The above table shows that the research covered five times the air sector, three times the rail sector, seven times the road sector and six times the sea sector. This is a good representation of sectors in South Africa as the road sector is indeed the biggest sector in this industry.

Operational level	Management	Lower management
Frequency	7	4

The figure above shows that there was a mix of interviewees, respectively management (directors and higher management) and lower management / operational level.

Amount employees	0-50	51-250	251 and more
Frequency	5	2	4

The companies that are interviewed have different amounts of employees. The above showing table shows that small and large companies are better represented than medium sized companies.

The companies shown in the upcoming four tables represent the frequency and total amount of employees specified per sector. As in the first table of part I; the total number can be more than the total number of interviews because some companies are involved in more sectors.

Air	Frequency
0-50	3
51-250	0
251 and more	2

The above figure shows the amount of employees in the air sector and the frequency in that particular sector. As you can see the small companies are better represented in this particular sector of logistics.

Rail	Frequency
0-50	2
51-250	0
251 and more	1

The above figure shows the amount of employees in the rail sector and the frequency in that particular sector. As you can see only the small companies are represented in this particular sector of logistics.

Road	Frequency
0-50	4
51-250	1
251 and more	2

The above figure shows the amount of employees in the road sector and the frequency in that particular sector. As you can see in this particular sector of the logistics there are several types of companies represented but still the small companies are more represented.

Sea	Frequency
0-50	3
51-250	1
251 and more	2

The above figure shows the amount of employees in the road sector and the frequency in that particular sector. As you can see in the sea sector of the logistics the smaller companies are better represented.

4.3 Part II – Sustainable business

What is in the interviewee's eyes sustainable business, what do they do in terms of sustainable business, what's their motivation and what are the key factors in doing sustainable business.

Q1: How would you define sustainable business?

A1: The definition of sustainable business is broad. Almost every company has a different definition about sustainable business but eventually it's all about the economical, social and environmental aspects; also called the people, planet, profit aspects (TBL). The social or people aspect shows in developing employees internally, good policies looking after employees, staff trainings, charity, social development and promoting the development of communities. The Economical aspect is also represented in the definition about sustainable business. Five out of eleven (46%) mention this aspect directly in their answers. The last aspect of the TBL is the environmental aspect which is used often in their definition of sustainable business. Six out of eleven (55%) refer to it directly where they also make use of examples like: no negative impacts on the environment, not take out more resources than putting back, healthy environment and reducing the carbon footprint, a feature that is often used in their definition and examples of sustainable business. Other aspects which are used often in their definition are: short term and long term. For example one of the interviewees defines sustainable business as: "a situation where the short-term and long-term sustainability drivers and opportunities are sufficiently diverse and greater than the threat to the business".

Especially the big companies (+250 employees) name the environmental aspect in their definition. Three out of the six (50%) who name the environmental aspect specifically have more than +250 employees, one is a medium sized company and one is a small one with less than 50 employees. The economic aspect is specifically named by two companies who have more than +250 employees, two medium companies and one small company with less than 50 employees. The social aspect is specifically named by two small companies with less than 50 employees, one medium and one large company with more than +250 employees. So the big companies are speaking more in terms of the TBL aspects than the small companies.

Q2: What does your company do in terms of sustainable business?

A2: In terms of sustainability nine out of eleven (82%) companies are working on the environmental aspect of sustainability. Especially the bigger companies with more than +250 employees are more focused on this aspect. These environmental activities are e.g.: reducing the carbon footprint, reducing the environmental impact, attracting sustainable economic activities as biomass handling, wind power and second generation bio-fuels. Besides there are also compulsory environmental management plans, the use of environmental friendly products, the reduction of congestion and hence less vehicle carbon emissions and the making use of wind and solar power. Also reducing the carbon footprint are: working paperless or reduce the waste of paper. Next to that: Environment good practices and legislation, environmental policies, which contain environmental regulations, identify, manage and mitigate environmental risks, optimizing of consumption of materials. External environmental impact assessments and environmental process improvements.

Six out of eleven (55%) companies specifically named social activities: encouraging scholarships and grant programs, providing opportunities for personal development, diversification on income, and four companies named staff and skills training as social activities. Also child care facilities for working mothers was named as an example of the social aspect. One company was also promoting human development in poor communities as a social aspect. This aspect was most mentioned by the smaller (less than 50 employees) companies.

Another aspect that was specifically named during the interviews by five out of the eleven (46%) companies was a technological, equipment aspect. Examples of upgrading, replacing equipment and or technology were given. Making use of renewable resources/technology such as the capture and storage of Co₂ at power stations.

In short, most companies are focusing on the environmental aspect for pursuing sustainability. The smaller companies however also focus on social aspects of sustainability, and five companies also focus on technological aspects.

Q3: What is your company's motivation for pursuing sustainable business / or not?

A3: The companies pursue sustainability because of the increasing attention given to sustainability, because sustainability is a motive on its own; brand value, stakeholders, survival of the company (competitors), if you don't pursue sustainability you will not function long-term / future. The long term is mentioned more frequently, another pursue factors are their employees (part of stakeholders), also the awareness of TBL, and reputation. It also

turned out that it is a cost saving through more efficient resource use and, pursuing sustainability provides better access to finance / capital through better governance and a better risk management and enhanced license to operate. One company has to do it because it is embedded in their mandate as government company / organization.

In total seven of the eleven companies (64%) pursue sustainability for one or more reasons. In this group, there are three larger companies with over +250 employees (42%), two middle companies with 51 to 250 employees (29%) and two smaller companies with 0 to 50 employees (29%). Two of the companies (29%) are specialized in road activities and products, and two others in the sea area. One company (14%) specializes in the air. One in sea and air, and one in air, sea, rail and road.

The companies that don't pursue sustainability motivate this as follows: not given much thought and preferring to do things as they have always done, although all of our designs are subject to external environmental impacts assessments. Why we don't pursue on sustainability is because of the resistance in change and costs penalties in projects. And one company gives as motivation the lack of laws / regulations regarding the subject.

In total four of the eleven companies (36%) do not pursue sustainability. One of them (25%) has over +250 employees and belongs to the category of larger companies, it specializes in road activities and products. Three of these companies (75%) belong to the category of smaller companies with 0 to 50 employees. One is specialized in road and rail, another in air, road and sea, and the last one in air, sea, road and rail activities and products.

In short, there are several reasons for the companies to pursue sustainability. Most of these reasons are related to long-term survival in terms of reputation, finances, resources and employees. If a company chooses not to pursue sustainability, they are unwilling to because of the costs or they never really thought about it.

Q4: Which key factors hamper and/or promote sustainable business?

A4: Sustainability depends, positively and negatively, on several key factors like; competitiveness, economic forces, political and social stability, government incentives, legislation, prices, increasing attention for sustainability, service, exchange rate, bureaucracy, tax burden, unfair allocation, honesty, resistance to change, lack of awareness. Several main factors can be identified from this list. Factors that enhance or stimulate sustainability are competitiveness, finances (governmental incentives and prices, exchange rates), legislation (bureaucracy), attention for sustainability, the market (economic, political, social forces) and named by a mix of company sizes but especially the smaller and medium sized companies (77%). Factors that work against the choice for sustainability are resistance to change, penalties (finances), and lack of awareness. Five of the eleven companies mention factors that hamper sustainability (45%). Two of these companies are larger companies with more than

+250 employees; they are specialized in the domains of respectively road and air. Two of the companies are middle sized companies with 51 to +250 employees; they are specialized in the domains of respectively road and air. Only one smaller company mentions hampering factors. This company is specialized in the domains of air, sea and road. It seems that especially more middle sized and larger companies are aware of hampering factors in relation to sustainability.

4.4 Part III – Triple Bottom Line

Part III is about TBL; what do companies do per component of the TBL and on which of the components of TBL do they focus the most and why ?

Q5: How is the P of Planet represented in your company?

A5: The P for Planet is represented differently in the eleven companies. Some companies are not pursuing sustainability in relation to this P due to factors as money, legislation and unwillingness to change. On the other end of the dimension there are companies that have a very detailed description on how to pursue sustainability and represent the P for Planet; they even have detailed goals to reach within a certain timeframe. In between are several companies that have a more general policy of thinking on representing the P for Planet, like reducing the paper trail or energy consumption.

More specific: two companies (29%) have a detailed description in which they mention targets and goals for reducing company specific wastes and/or for pursuing sustainability on several domains. One was a larger company with more than +250 employees and specialized in the sea area. The other was a middle sized company with 51 to 250 employees and specialized in the road domain.

Three companies (27%) try to pursue sustainability in relation to the P for Planet by minimizing waste, energy, water and paper, while three other companies (27%) only have general guidelines for sustainability related to law and regulations. The first group consisted of two smaller and one larger company. The larger company was specialized in the air domain. One smaller company specializes in air, sea and road, while the other smaller company was specialized in the domains of air, sea, rail and road. The second group consisted of a smaller, middle sized and larger company. The middle company acted in the sea area, the smaller in the road area, and the larger company in the areas of air, sea, rail and road.

Three companies do not actively pursue the environmental aspects and have the P for Planet not actively represented in their activities or policy. From this last group, one company even states that there is an unwillingness to change because of the costs.

Q6: How is the P of People represented in your company?

A6: The P of People is represented in all companies, but the ways how differs per company. In general, it can be stated that most companies have one or more of the following as a representation of the P of People: a policy regarding safety, health and working conditions, a good and safe working environment, profit share or some other form of reward, possibilities for the employees to develop themselves. More specifically, two companies (28%) only state in general that they “follow good practices” and “treat them more than fairly”. In these cases it is not clear how the P of People is exactly represented in these companies. One is a smaller company with 0 to 50 employees and specialized in the domains of air, sea and road. The other is a middle sized company in the sea area.

One middle sized company in the road area clearly has a target group, namely people who either live in poor countries and/or poor circumstances; this company provides employment in several domains by giving scholarships and grants and by giving people possibilities to develop themselves. One middle sized company in the road area only has two objective measurements for the P of People: an employee satisfaction survey and a list of best employee. Two companies (28%) provide their employees with some form of reward, like profit share. One is a smaller company with 0 to 50 employees and specializes in the domains of air, sea and road. The other is a middle sized company in the sea area.

Six of the companies (55%) emphasize the importance of a good and safe working environment for their employees. Three of these companies were smaller companies, three were larger companies. The smaller companies were active in the domains of road and rail, sea and air, and road. The larger companies were active in the areas of air, sea, rail and road, in air and in road. Three (27%) of the companies also provide development trajectories for their employees. Two are larger companies in the air and road area respectively; one is a smaller company active in the road area.

Finally, three (27%) of the companies mention following the law and regulations related to their people, like anti-discrimination policies, respect of human rights, and compliance with legislation in relation to health and safety.

Q7: How is the P of Profit represented in your company?

A7: Four companies (36%) mention the P of Profit as one of the most important goals of their company. Three of these companies were smaller companies in the sea, air, rail and road areas, while one of them was a larger company in the road area. The rest of the companies (64%) state that they are either not a company that acting in a domain to make profit, that profit is made in a broader sense of the term, or that their company values other factors more than making profit.

One of the companies that is making profit states that they are sharing it with their employees, while another company states the importance of making profit for both employees and shareholders. Another company only states their target or goal of making profit. One company states that profit is only important in the meaning that employees can make their living from it. The other companies promote programs so that people can “profit” from it, or just try to keep their prices and costs as low as possible, so that the P of Profit is not really represented in their company.

Q8: If you look at the three P's, on which P does your company focus the most and why?

A8: Six companies (55%) named People as their focus, five companies chose the Profit aspect as their focus and only two of the companies choose the Planet aspects as a focus point. Among the big companies, the focus lies most on people and profit, and less on the planet aspect. Among the medium companies, the focus on all the aspects is represented equally. Among the small companies, the focus is only on the profit and people aspects. The people aspect is represented three times and the profit aspect two times. In both the larger and smaller companies the emphasis is on people and profit. The companies who state that they (also) focus on People see their employees as very important assets. A little note has to be made; two companies give 2 P's as an answer, that's why there are more than eleven answers.

Q9: What are, according to you, the differences and or similarities in doing sustainable business between South African and Dutch companies in the logistics sector?

A9: The companies differ with Dutch companies in their experiences. Some of them are positive, e.g. that there are no cultural barriers, others however are not so positive, e.g. “ended because of miss-trust”. Several companies state that the legislation in Holland is probably stricter than in South Africa. It is also stated that the South African companies focus more on the people aspect than Dutch companies who focus more on the profit aspect. Also, South African companies focus more on the social than on the environmental aspect, like Dutch companies.

Four (36%) of the companies state that they do not know exactly how to compare South African with Dutch companies, due to either lack of information or knowledge. Three of these companies are larger companies with more than +250 employees. One acts in the road domain, one in the air domain, and one in all domains. One of these companies is a middle sized company with 51 to 250 employees in the sea area.

Two companies mention that the companies want probably the same in service, hard work, integrity, and honesty. One company mentions that employees at Dutch companies

probably are getting paid more than employees of South African companies doing the same job.

4.5 Part IV – Resources Embassy

Part IV is about which resources the Dutch Embassies have to promote and/or support Dutch companies in doing sustainable business.

Q Embassy: Which resources does the Dutch Embassy have to promote and or support Dutch companies in doing sustainable business?

A Embassy: All over the world, the Kingdom of the Netherlands has missions: embassies, consulates, and permanent representations to international organizations. These missions are the eyes, ears, and voice of the Netherlands. Embassies and consulates are bilateral missions that promote Dutch interests and assist Dutch nationals living or travelling abroad. Embassies are also active in development cooperation and press and cultural affairs. Consulates, subordinate to embassies, carry out more practical, routine tasks. The Ministry of Foreign Affairs in The Hague coordinates this worldwide network of missions.

Dutch foreign policy is driven by the conviction that international cooperation brings peace and promotes security, prosperity, and justice. It is bound by the obligation to promote Dutch interests abroad as effectively and efficiently as possible. To do so, the Netherlands needs a worldwide network of embassies, consulates, and permanent representations to international organizations. The activities, composition, and size of each mission depend on the host country and region.

Embassies and consulates promote Dutch economic interests, working with two branches of the Ministry of Economic Affairs: the Directorate-General for Foreign Economic Relations (BEB) and the Netherlands Foreign Trade Agency (EVD).

Dutch economic policy aims at making the Netherlands more competitive. The missions help with promoting Dutch trade in their host countries. They also report to The Hague about their host country's investment climate, trade and economic policies, and trends in markets of potential interest to Dutch exporters.

Embassies and consulates promote the interests of individual Dutch companies doing business in their host country. They help solve practical problems encountered by companies lacking local knowledge, and they organize promotional activities like group business trips and networking meetings.

Embassies work closely with the Ministry of Housing, Spatial Planning and the Environment in the field of the environment. Their main task is to help develop an international environment policy, which requires painstaking preparations and wide-ranging international discussions.

Concluding, the resources the Dutch Embassy in South Africa has to promote and or support Dutch companies are: a big network, consulates, information on the country which can give them a competitive advantage and money in terms of funding projects.

5. Conclusion and discussion

5.1 Introduction

The aim of this chapter is to draw conclusions and to discuss the findings from the theory research and the empirical findings, regarding the research question formulated in chapter one. To affectively address sustainable business in the South African context, more knowledge and insights are needed as to what sustainable business means, how sustainable policies and plans are put in practice, and what the implications of being a sustainable company means for a company's performance. The aim of this research is to answer the research question:

“What are the differences and similarities in doing sustainable business between South African and Dutch companies in the logistics sector and in which way can the Dutch Embassy support Dutch companies in South Africa in doing sustainable business?”

In section 5.2 conclusions will be drawn derived from the empirical findings. Subsequently in section 5.3 a discussion will be held regarding the conclusion and theoretical research in chapter 2. Section 5.4 and 5.5 will come up with a reflection on the research modal and suggestions for further research.

5.2 Conclusions

Theory showed sustainable business is a very broad definition. The results confirmed that again. Remarkable is that, answering the question about the definition of sustainability, 55% focuses on the environment and 46% focuses on the economical aspects. When they were asked on which P they focus the most the answers, 55% replied on the people aspect, 46% on the economical aspect and only 18% on the environmental aspect. So initially, when thinking about the concept of sustainable business, they mention the environment first but, after a definition of the aspects and a closer focus it turns out that only 18% real focuses on the environment. It can be concluded from this that the environmental aspect is probably a higher or strategic goal to strive for, but that in practice they try to reach this goal by means of the people and profit aspects.

The results have shown that especially the larger companies are linking the concept of sustainable business with environmental aspects and the smaller companies more with social aspects. The medium companies use a mix of environmental, social and economical aspects. The larger and smaller companies are more present in the sample of responders than medium sized companies. The results are therefore more applicable to the larger and smaller companies than to the medium sized companies. This is also consistent with several respects of this research, since the larger and smaller companies use only several of the component of

TBL and strive for one or maybe two higher goals, while medium sized companies use a mix of components and strive often also for a mix of higher goals.

Striving for certain aspects of TBL does not guarantee that companies practice this in reality. The results show that especially smaller companies do not always pursue sustainable business. The reasons for not pursuing sustainability differ. On a larger scale it could be the case that the smaller companies do not have the means to pursue sustainability; therefore they focus more on aspects they find more important.

It seems that especially both middle sized and larger companies are more aware of hampering factors in relation to sustainable business. This awareness is a logical consequence, since especially the smaller companies do not always pursue sustainability in practice. If they have no experience in sustainability issues, they also will not develop an awareness about stimulating or hampering factors in relation to sustainability.

A large group of smaller, larger and medium sized companies also focus on technological aspects. The main reason for this focus is an increasing attention for sustainable business and brand value.

The resources the Dutch Embassy of South Africa has to promote and / or support Dutch companies are: a big network, consulates, information on the country which can give them a competitive advantage and money in terms of funding projects.

The research model showed that characteristics of the Netherlands and South Africa will influence sustainable business in logistics, and that commercial diplomacy also would be able to exert influence. The results have shown that sustainability is not always pursued in South African companies, especially in smaller ones, even when the focus is on one of the TBL factors. In general, the focus and implementation of sustainability issues in South African companies is much less than in Dutch companies. There are differences in Dutch and South African companies in logistics, so it seems that characteristics of a country can influence sustainable business in logistics. Also, the embassy has several resources to support sustainable business, which also seem to be able to exert influence.

A last little note has to be made: by making these conclusions I added more value to the answers of the big companies and less value to the answers of the smaller companies.

In the next paragraph the results of this research will be discussed in relation to sustainable business.

5.3 Discussion

In this section I will discuss the findings of the research data. In this discussion several aspects will be highlighted from different perspectives in order to analyze the different findings, and to come to an explanation of the results.

The theory in chapter two has shown different definitions of sustainable business. The results have also shown that the existing definitions of sustainable business are very divergent. The theoretical descriptions on the economical, legal, ethical and philanthropic responsibilities are in line with the results. The literature is not very coherent regarding the concepts of CS, CRS and TBL, thus creating a certain amount of gray area. This gray area was also represented in the results of the interviews. The respondents were all giving different answers. In general, they were telling the same, but in practice, no one really seems to understand the whole concept. Larger companies seem to focus more on the environmental aspect, while smaller companies focus more on the social aspect. Still, both larger and smaller companies find people and profit the most important aspects. This might seem contradictory. The fact however remains that the three factors of TBL, people, planet and profit, are interrelated and exert influence on each other. Larger businesses can focus on environmental factors through their employees (people) and still make (green) profits. Smaller companies can focus on more social aspects through their employees (people) and also make (green) profits. Companies seem to be able to have different goals in sustainability but can still strive for this goal by the same means within TBL. The planet factor turned out to be less important to all of them.

A sustainable business in this research was described as “an enterprise that has no negative impact on the global or local environment, community, society, or economy - an enterprise that strives to meet the triple bottom line and is able to continue over a period of time.” When looking at this definition, none of the interviewed companies seems to strive to meet the triple bottom line, because the factor “planet” is seen as less important than “people” and “profit”. If they do not strive to attain the p of planet too, we cannot be sure whether they do have a negative impact on the global and local environment, community, society, or economy.

It is a fact that especially the larger companies are better informed about sustainable business and possibilities to attain this; they sometimes hire a specialist in this area. Smaller companies often do not have the means or the knowledge. Smaller companies can strive for the two P's that are the closest and easiest to apply both on the short and long term. But if the larger companies have more knowledge and means, why do they then focus less on the p of planet and more on people and profit?

One explanation could be the fact that South Africa does not have the proper documentation on sustainability issues. As a consequence people in South Africa don't have a clear image about sustainable business. Another reason for this difference can be that the technology for spreading knowledge in general, but also on sustainability and sustainable business is still lacking behind in South Africa, especially when compared to the Netherlands.

Even if the technology were available, the costs for this technology would be very high. As a consequence, South African business would not always be able to afford it. The country

already has a shortage of money in several respects compared to the Netherlands. Technology is therefore not on the highest rank of businesses' needs. As a consequence, the businesses are not able to progress at a fast rate. The shortage of money also plays an important role in education. Without the necessary means, the proper education cannot be provided. A shortage of properly trained personnel with respect to sustainability is a result. As long as that doesn't change, South Africa will stay behind in this respect concerning sustainability issues.

But this still does not explain why the larger business focus more on people and profit and less on planet related issues. Larger companies, especially multinationals, may have a head start concerning sustainability, as they do have the means to buy the necessary technology. They may have several sister companies all over the world, so money can be made available and be applied where necessary.

Smaller companies, on the other hand, will have less knowledge and money, which increases the chance that they are not involved as much as the larger companies in sustainability issues. This is in accordance with the results. It were the smaller companies that responded not to strive for sustainability because of lack of money, time, means and knowledge. Furthermore, larger companies have also the means to attract the properly trained people which is almost impossible for the smaller companies. As a consequence, the less educated people with respect to sustainability will keep on working for the smaller companies who will then continue to stay behind due to lack of knowledge.

In general it seems that also the larger companies in South Africa do not have all the knowledge necessary to strive for all the P's in TBL. This is also in accordance with the results. Some of the larger companies did apparently have the knowledge, since they provided a very detailed program on sustainability, while others only had a general statement concerning sustainability issues. As a consequence, the latter focus on what they do know: people and profit.

The logistics sector in the Netherlands employs less people than the same sector in South Africa. The Netherlands however is ahead in infrastructure, technology and knowledge. The Netherlands is therefore also ahead in the area of sustainability business in the logistics sector. Concerning LPI both countries are close together, since they are both providers of the continents. Concerning EPI however, the two countries are worlds apart. The main reason for this seems to be the fact that both technology and money play a large role. The Netherlands is ahead of South Africa concerning sustainability issues and will therefore be better equipped to find solutions for environmental threats. Dutch companies will therefore strive for all three P's, including the planet. Another factor of influence is the fact that the awareness for the environment is higher in the Netherland than in South Africa. But how can the embassy help in this respect?

One of the tasks of an employee at the embassy is having so called commercial diplomacy. This means that he needs to supply information about export and opportunities for

investments. Furthermore he needs to help and organize as well as to act as a host for trade missions from home. In some cases, commercial diplomats can also promote economic ties through advisory and support of both domestic and foreign companies on investment decisions. This shows that the conclusion of the embassy also is in accordance with the theory, namely: “It aims at encouraging business development through a series of business promotion and facilitation activities (Naray, 2008).” The embassy does have the resources to support sustainable business; yet another argument for the embassy is to deliver their help. Seen from the theory, the personnel of the embassy can act as a business promoter. They know the business, they are close to managers, they have a solid technical know-how and can act accordingly to an entrepreneurial approach. The best option in this respect would be to have embassy personnel with both theoretical and practical knowledge and experience regarding sustainability in business in order to support the South African businesses. When advising South African companies, they can add to their knowledge about sustainability. Or they can set up contacts between the South African businesses and other foreign businesses in order to heighten their knowledge and technologies regarding sustainability. In short, the embassy can play an important role in the sustainability issue in South Africa.

5.4 Reflection research model

This part contains information regarding the reflection of the research model. As was shown, the results of the literature are for the greater part in accordance with the results of my research. In this respect, the research model does not need to be adapted. Both theory and results have shown that the concept of sustainable business is very broad, which has become the core of this research. The research model shows both in the theory and results that sustainable business in the logistics sector can be influenced via institutional characteristics of the country. Next to that the Embassy can help sustainable businesses in the logistics sector in several ways, while these businesses can also provide the Embassy with information or requisites.

5.5 Future research

This is a time of economical crisis, so it is possible that companies spend not that much money on sustainability in their business. They will not be that eager to spend on sustainability, something that also came forward in this research. Money is a big issue concerning sustainability. If it is not available in huge amounts, it will be spend on more important and more practical things, like people and profits. When the economy is becoming stable again, new research can give different results with regards to the sustainability issue.

This time the research was done in eleven companies, with a mix of small, medium and large companies. The sample was small, so future research should be done with larger samples to either confirm or deny the results. As stated above, the time of research must then also be kept

in mind, since research in times of economic crises can yield other results than in times of economic prosperity.

Concerning the embassy; the personnel is changing every four years. Despite the fact that they can play an important role in raising awareness and knowledge on sustainability, the support to companies is low. The carousel of changing personnel every four years can be one of the causes of this low support. This is a factor that can also be explored in future research. Finally, another factor for future research is the amount of knowledge a company has on the elements of TLB, namely people, profit and planet. It should be made clear how a company defines these concepts and the concept of sustainability to be able to make reliable comparisons.

References

- Avert (2010). *South Africa HIV and Aids Statistics*. Retrieved on July 7, 2010 from: <http://www.avert.org/safricastats.htm>.
- Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. (1985). An empirical investigation of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28: 446-463.
- Van Bergeijk, P. and Melissen, J. (2010). *International spectator*, volume 64, nr 2, February.
- Carroll, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 4: 497-505.
- Carroll, A.B. (1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons*, July/August, 39-48.
- Carron de la Carrière G. (1998). *La diplomatie économique: le diplomate et le marché*. Paris, Economica.
- CBS (2010). Centraal Bureau voor de Statistiek. Retrieved on October 28 from: <http://www.cbs.nl>
- CIA (2010). The World Factbook – South Africa. Retrieved on August 4 from: <https://www.cia.gov/library/publications/the-world-factbook/geos/sf.html>.
- CIA (2010). The World Factbook – the Netherlands. Retrieved on August 3 from: <https://www.cia.gov/library/publications/the-world-factbook/geos/nl.html>.
- Cooney, S. (2009). *Build A Green Small Business. Profitable ways to become an ecopreneur*. New York: McGraw-Hill.
- Council of Logistics Management (1998), *Logistics in Service Industries*
- Cramer, J., Heijden van der, A., and Jonker, J. (2006). Corporate social responsibility: making sense through thinking and acting. *Business Ethics: A European Review*, 15 (4): 380-389.
- Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal*, 16: 312-322.
- Delaney, Robert V., *Seventh Annual State of Logistics Report*, St. Louis, MO: Cass Information Systems, 1996, p. 9-10.
- DiMaggio, P. J., and Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48: 147-60.
- Donk, M., & Pieterse, E. (2004). *Strategic Framework for Sustainable Development in South Africa*.

Du Croix, A., Grolleman, J., Kooij, M. van, & Nijhuis, T. (2001). *History, geography, socio-cultural and technological environment of South Africa*. Retrieved on July 7, 2010 from: <http://www.inter-actief.utwente.nl/studiereis/e-safari/info/voorverslag.pdf>.

Dyllick, T., & Hockerts, K. (2002). Beyond the business case for corporate sustainability. *Business Strategy and the Environment*, 11(2): 130-141.

Elkington J. (1998) *Cannibals with Forks: The Triple Bottom Line of the 21st Century Business*. Gabriola Island, BC, Canada: New Society Publishers.

Esty, D. C., Levy, M., Srebotnjak, T., and Sherbinin, A. de (2005). *2005 Environmental Sustainability Index: Benchmarking National Environmental Stewardship*. New Haven: Yale Center for Environmental Law & Policy.

Frederick, W. C. (1986). Theories of corporate social performance: Much done, more to do. Working paper, University of Pittsburgh.

Garter, E (1997). Business and foreign affairs. *Foreign Affairs*. May/June 1997 Volume 76, No. 3

Hanks, J., Hamann, R., & Sayers, V. (2007). *Corporate Social Responsibility and the United Nations Global Compact in South Africa 2007*. Cape Town: South Africa.

Hart, S. L. (1997). Beyond Greening: Strategies for a Sustainable World. *Harvard Business Review*, January–February.

Herbst, A. (1996). The Commercial Counsellor's Field of Activity. *Foreign Trade. Intereconomics*, No 10, 1996.

IMF (2010). *World Economic Outlook Database*, April 2010. Retrieved on August 3, 2010 from: <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>.

Johnson, G., Scholes, K. & Whittington, R. (2008). *Exploring corporate strategy*. 8th edition, Pearson Education Limited

Kopp H.W. (2005). *Commercial Diplomacy and the National Interest*, Washington DC, Business Council for International Understanding / The American Academy of Diplomacy.

Kostecki, M., & Naray, O. (2007). *Commercial Diplomacy and International Business, Clingendael Discussion Paper in Diplomacy*, The Hague, Clingendael Institute, April 2007.

Kotabe, M., and Czinkota, M.R. (1992). State government promotion of manufacturing exports: a gap analysis. *Journal of International Business Studies*, 23: 637-658.

Lee, D., and Hudson, D. (2004). The old en new significance of political economy in diplomacy. *Review of International Studies*, 30: 343-360.

Lee, D. (2004). ISP Policy forum: public advocates for private interests? The rise of commercial diplomacy. *International Studies Perspectives* (2004) 5, 50–54.

Lee, Kyung Mi (2009). *Nation Branding and Sustainable Competitiveness of Nations*, PhD Thesis, University of Twente, the Netherlands.

Marrewijk, M. van (2003). Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion. *Journal of Business Ethics*, 44: 95-105.

Meehan, J., Meehan, K., and Richards, A. (2006). Corporate Social Responsibility: the 3C-SR model. *International Journal of Social Economics*, 33, (5/6), 2006, 386-398.

Meyer, J. W., and Rowan, B. (1977). Institutionalized organizations: formal structure as myth and ceremony. *American Journal of Sociology*, 83: 340–63.

Naray, O. (2008). Commercial diplomacy: a conceptual overview, 7th World Conference of TPOs, The Hague, The Netherlands..

Porter, M., & Linde, C. van der (2000). Green and competitive: ending the stalemate. In *Harvard Business Review on business and the environment*. Boston: Harvard Business School Press.

Rijksoverheid (2007). Kabinetsvisie Maatschappelijk Verantwoord Ondernemen 2008 – 2011. Retrieved on August 3, 2010 from: <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2007/12/13/kabinetsvisie-maatschappelijk-verantwoord-ondernemen-mvo-2008-2011.html>.

Saner R., and Yiu L. (2003). International economic diplomacy: Mutations in post-modern times, *Discussion Papers in Diplomacy*, 84, The Hague, Clingendael Institute.

Sheate, W., Dagg, S., Richard J., Aschemann R., Palerm J., Steen, U. (2003). Integrating the environment into strategic decision-making: conceptualizing policy SEA. *European Environment*, 13 (1): 1-18.

Schwartz, M. S., and Carroll, A. B. (2003). Corporate Social Responsibility: A Three-Domain Approach. *Business Ethics Quarterly*, 13(4): 503-530.

Shapiro, Roy D, and James L. Heskett, *Logistics Strategy: Cases and Concepts*, St. Paul, MN; West Publishing, 1985, p. 6.

South Africa.info (2008). Black Economic Empowerment. Retrieved on July 7, 2010 from: <http://www.southafrica.info/business/trends/empowerment/bee.htm>.

Statistics Netherlands (2009). Sustainability monitor for the Netherlands 2009. Statistics Netherlands: The Hague.

Statistics South Africa (2010). Quarterly Labour Force Survey: Quarter 1 (January to March), 2010 Press Statement. Retrieved on July 7, 2010 from: http://www.statssa.gov.za/keyindicators/QLFS/Press/Q1_2010_Press_Statement.pdf.

Strauss, A. L., & Corbin, J. M. (1998). Basics of qualitative research. Techniques and Procedures for Developing Grounded Theory. Thousand Oaks, California: Sage.

UNAIDS (2008). 2008 Report on the global AIDS epidemic. Retrieved on July 7, 2010 from: http://www.unaids.org/en/KnowledgeCentre/HIVData/GlobalReport/2008/2008_Global_report.asp.

Wood, D. J. (1991). Corporate Social Performance Revisited. *The Academy of Management Review*, Vol. 16, No. 4 (Oct., 1991), pp. 691-718.

World Commission on Environment and Development (1987). Our common future (The Brundtland Report). Oxford University Press: Oxford.

World Summit Report on Sustainable Development (2002). Johannesburg, South Africa, 26 August – 4 September 2002, A/CONF.199/20, and Key Outcomes of the Summit. Retrieved on July 7, 2010 from:

www.johannesburgsummit.org/html/documents/documents.html

Appendices

Appendix I

ECONOMICAL	South Africa	Netherlands
Main trading partners	USA, Germany, Japan, UK, France	Germany, Belgium, Luxembourg, France, the USA and East European countries
Main primary products	Apples, Asbestos, Cereals, Chrome, Citrus Fruits, Coal, Copper, Cotton, Diamonds, Fish, Gold, Grapes, Iron Ore, Limestone, Livestock, Manganese, Nickel, Pineapples, Phosphates, Potatoes, Silver, Sulfur, Timber, Tin, Tobacco, Vermiculite	Cereals, Fish, Fruit and Vegetables, Livestock, Oil and Gas, Potatoes, Poultry, Salt, Sugar Beets
Major Industries	Agriculture, Chemicals, Clothing, Fishing, Food Processing, Forestry, Iron and Steel, Machinery, Mineral, Mining Refining, Motor Vehicles, Paper, Petroleum Refining, Textiles, Tobacco Products	Agriculture, Chemicals, Clothing, Diamond Cutting, Fertilizers, Fishing, Food Processing, Forestry, Iron and Steel, Oil and Gas Production and Refining, Printing, Ship Building, Textiles, Tobacco Processing
Main exports	Coal, Diamonds, Food, Gold Coins, Gold, Iron and Steel, Metal Ores	Chemicals, Dairy Produce, Flower Bulbs, Fruit and Vegetables, Iron and Steel, Machinery, Meat, Natural Gas, Petroleum Products, Textiles
Gross National Product	USD \$118,961,000,000	USD \$316,390,000,000
Public Debt	USD \$2,274,000,000	\$195,935,000,000
Imports	R 59,073,000,000	NG 234,972,000,000
Exports	R 79,482,000,000	NG 258,226,000,000
Economically Active Population	14,297,048 or 35.3% of total population	6,406,000 or 41.9% of total population
Unemployed	32.6%	7.5%
Education	Economically active population having attained: no formal schooling or incomplete primary 49.4%, primary 9.1%, incomplete secondary 27.5%, secondary 12.4%, higher 1.6% (1985). Literacy; literate population aged 15 or over 76.4% (1980).	Aged 25 to 64 and having attained: primary education 16.7%, secondary 61.8%, higher 20.0%, other 1.5% (1985). Literacy; literate population aged 15 or over virtually 100% (1990).

SOCIAL	South Africa	Netherlands
Vital statistics	Density; 29 persons per sq km (76 persons per sq mi) (1993). Urban-Rural; 59.5% urban, 40.5% rural (1990). Sex Distribution; 49.7% male, 50.3% female (1990). Life Expectancy at Birth; 61.0 years male, 67.0 years female (1991). Age Breakdown; 39% under 15, 27% 15 to 29, 18% 30 to 44, 10% 45 to 59, 5% 60 to 74, 1% 75 and over (1990). Birth Rate; 34.0 per 1,000 (1991). Death Rate; 8.0 per 1,000 (1991). Increase Rate; 26.0 per 1,000 (1991). Infant Mortality Rate; 51.0 per 1,000 live births (1991).	Density; 443.4 persons per sq km (1,148.4 persons per sq mi) (1991). Urban-Rural; 88.5% urban, 11.5% rural (1990). Sex Distribution; 49.4% male, 50.6% female (1990). Life Expectancy at Birth; 74.0 years male, 80.2 years female (1991). Age Breakdown; 18% under 15, 24% 15 to 29, 24% 30 to 44, 17% 45 to 59, 12% 60 to 74, 5% 75 and over (1991). Birth Rate; 13.2 per 1,000 (1990). Death Rate; 8.6 per 1,000 (1990). Increase Rate; 4.6 per 1,000 (1990). Infant Mortality Rate; 7.1 per 1,000 live births (1990).
Area	1,221,042 Sq Km (471,447 Sq Mi)	39,931 Sq Km (15,417 Sq Mi)
Population	38,577,200	15,716,600

POLITICAL	South Africa	Netherlands
Military	136,900 (1995) total active duty personnel with 86.2% army, 3.3% navy, 6.6% air force and 3.9% medical service while military expenditure accounts for 2.7% (1993) of the Gross National Product (GNP).	70,900 (1994) total active duty personnel with 60.9% army, 20.2% navy and 12.7% air force while military expenditure accounts for 2.4% (1993) of the Gross National Product (GNP).

TECHNOLOGICAL	South Africa	Netherlands
Communications	Daily Newspapers; total of 20 with a total circulation of 1,248,000 (1992). Radio; receivers 11,200,000 (1994). Television; receivers 3,445,000 (1994). Telephones; units 3,659,900 (1993).	Daily Newspapers; total of 64 with a total circulation of 4,600,000 (1994). Radio; receivers 13,400,000 (1993). Television; receivers 5,675,000 (1993). Telephones; units 7,630,000 (1993).

Source: Worldbank and IMF 2010

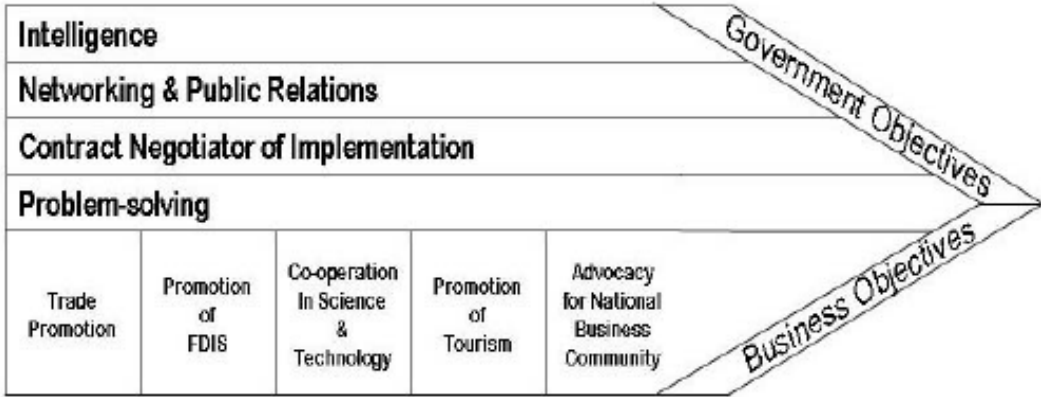
Appendix II

<i>AREA</i> <i>ACTIVITY</i>	Promotion of Trade in Goods and Services	Protection of Intellectual Property Rights	Co-operation in Science & Technology	Promotion of Made-in and Corporate Image	Promotion of Foreign Direct Investments (FDIs)
Intelligence	Gathering export marketing data	Supervision of violations of IPRs	Monitoring research achievements	Image studies	Identifying potential investors
Communication	Tourism promotion conference	Presentations during awareness campaigns	Preparation of press articles on scientific achievements	Contribution to made-in promotion events	Briefings for potential investors
Referral	Introducing potential exporters	Search for reliable IP lawyers	Facilitation of contacts between H.T. labs	P.R. for large contracts where national image counts	Approaching CEOs with investment proposals
Advocacy	Support of firms in dispute settlement procedures	Pressures for improved protection of home country's IPRs	P.R. in favour of joint scientific projects	Defence of national companies singled out by host country authorities	Protection of home country investors in the host country
Co-ordination	Organization of prospect meetings	Co-ordination of legal action	Introducing parties to initiate R&D joint ventures	Co-ordination of made-in campaigns	Organizing minister's participation in private investors' forum
Logistics	Embassy's secretariat is servicing a trade promotion conference	Training material for awareness campaigns is printed and distributed by the Embassy	Ambassador or CD hosts a conference on promotion of scientific co-operation	Translation of the campaigns material is done by the CD unit's staff.	Members of an investment promotion mission use office facilities at the Embassy.

Source: Naray, O. (2008)

Appendix III

Value Chain of Commercial Diplomacy



Source: Potter (2002)

Annex 1: Time schedule

Activity	Period	Location
Finalizing research proposal and organizational arrangements	May	UT
Reviewing literature developing research methodology	May	UT
Collecting data in the company	June	Pretoria
Interviewing managers of other companies and/or distributing a questionnaire	June August	Pretoria
Processing and analyzing data	August September	Pretoria & UT
Drafting Master thesis	September	UT
Re-drafting Master thesis	Oktober	UT
Presenting Master thesis to supervisors	November	UT

Annex 2: Interview

Sustainable Business in the Logistics Industry

About Your Company

1. In which area of transport is your company active ?
2. How many employees does the company have (0-50, 51-250, 251 and more) ?

Sustainable Business

1. How would you define sustainable business?
2. What does your company do in terms of sustainability?
3. What is your company's motivation for pursuing sustainability / or not?
4. Which key factors hamper and/or promote sustainability?

The three P's or the so called triple bottom line:

- ***People***: stands for human interests and relations between people. This includes working in healthy and safe conditions, statutory working hours and combating forced labour and child labour.
- ***Planet***: stands for the environment, the everyday surroundings of people and animals and the way we treat them. This includes a reduction in waste products and energy consumption within the company and the production of materials that our customers can use for this purpose.
- ***Profit***: stands for more than net profit. It is also about how this profit is earned. This includes paying an honest price for raw materials and the working conditions of the employees.

5. How is the P of Planet represented in your company ?
6. How is the P of People represented in your company ?
7. How is the P of Profit represented in your company ?
8. If you look at the three P's, on which P does your company focus the most and why ?
9. What are, according to you, the differences and or similarities in doing sustainable business between South African and Dutch companies in the logistics sector ?