

# THE IMPORTANCE OF SOCIAL RESPONSIBILITY IN THE PREFERENCE OF PORT OPERATIONS BY INTERNATIONAL COMMERCE COMPANIES - A STUDY IN KOCAELİ AREA / TURKEY

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**Abstract:** Port operators are logistics companies. When we look at port management in Turkey today; competition among these operators seems to be intensifying. Therefore, this competition is pushing the port operators for differentiate their services. In this context, it can be said that one of the strategies that will differentiate port operators is the sense of social responsibility. The aim of this research is to determine how effective the port management's social responsibility understanding is among the factors that international commerce companies operating in Kocaeli / Turkey prefer to operate a port. For this purpose, a questionnaire was applied to 32 international commerce companies operating in the Kocaeli Region and according to the survey results, it was seen that social responsibility concept took the fourth place after the shortest time of cargo handling, the lowest cost of cargo handling and the undamaged and without any losses of cargo handling. According to this result, it is suggested that port operators should emphasize social responsibility concept more than other factors and emphasize social responsibility more in promotion activities.

**Keyword:** INTERNATIONAL COMMERCE COMPANIES, PORT OPERATORS, SOCIAL RESPONSIBILITY

## 1. Introduction

Port operators are among the quintessential building blocks of logistics and supply chain. Among the most critical port cities of Turkey, Kocaeli is the city renowned for its industry and logistics operations. Located at the intersection of highways connection the two continents Asia and Europe, Kocaeli is geographically situated in the eastern part of Marmara Region and Marmara Sea (<http://www.kocaelikulturturizm.gov.tr/TR,69185/genel-bilgiler.html>, Retrieved on: 23 March 2017).

As projected in Turkey's year-2023 exportation target equated to 500 billion Dollars it is envisaged that in 2023, minimum handling quantity in Kocaeli-İzmit Gulf Port Region would climb to 105 million tons (İzmit Gulf Port Region Report, June 2011). This projection foregrounds Kocaeli's accentuated role as a port city with industry, logistics and international commerce features at forestage. Most specifically, the port operation in Kocaeli has recently experienced unprecedented changes. Competition in between ports has been at rise, which in effect forces port operators to analyze the demands and needs of the customers operating as international commerce companies. In that view, the service quality of port operators holds utmost significance.

The most salient customers of port operators are import and export companies engaged in international commerce. Accordingly, import and export companies ask for specific requests and demands from port operators. The leading requests are; handling of the load/discharge without any losses, with no damage at the soonest time possible. Nevertheless, another requirement of port operators while meeting the needs and wills of customers is paying heeds to protect the sea and environment. It then becomes imperative for port operators in service to take the required measurements within the context of social responsibility and also to focus on caring about the conservation of sea and environment alike. In that regard while international commerce companies opt for a port operator, one of the issues that they should consider is the social responsibility awareness of that particular port in their final choice and the role that social responsibility plays or not play role in that port's agenda. It is thus the objective of this study to identify the factors that international commerce companies operating in Kocaeli Region consider while selecting any port operator and the significance level and dimension of social responsibility as one of the selection criteria in their final choice.

## 2. Social responsibility Concept

"Social responsibility concept has a rooted history that can be dated as back as to the Reign of the Mesopotamian King Hammurabi. During the 1700 B.C. Hammurabi enacted laws to prevent any potential negligence or public-threatening actions of

the inn-holders, farmers and construction workers that could lead to citizen's demise" (Asongu, 2007; Tandoğan, 2009). "Social responsibility is one of the steps that drives the companies of which sole aim in the past was profit maximization to fit into the novel requisites of changing market conditions and consumer demands" (Tandoğan, 2009). "Modern consumers no longer opt for products that harm the sea and natural habitat, rise the global warming hence triggering environmental issues, damaging historical and cultural components and they disfavor the manufacturing companies of such hazardous products. Hence consumers no longer care merely about the price and quality of the purchased brand but also social activities of the companies and the role they play in molding companies' social responsibility missions" (Tandoğan, 2009). Social responsibility in general indicates the requirements that a company must follow to meet the financial and legal terms, to practice a business strategy and policy meeting business ethics, expectations of internal and external people and other institutions, and to fulfill the needs and contentment of involved parties (Yüksel et al., 2005). Social responsibility as a term means; "to the end of assisting in sustainable development and improvement, the promises that companies make to soar the life quality of an entire society" (Kärnä et al., 2003). Social responsibility "safeguards brand image, boosts competitive advantage, enables brand recognition and increases the likelihood to be favored by potential customers" (Argüden, 2002, Çerik and Özarslan, 2008). Social responsibility is important not only for manufacturing companies of consumer products. It is equally significant for companies operational in industrial sector; hence protecting the society, plants and animals, the sea, environment and natural habitat should be among the leading responsibilities of all business companies.

## 3. Objective and Benefits of This Study

It is thus the objective of this study to identify the factors that international commerce companies operating in Turkey-Kocaeli Region consider while selecting a port operator and the significance level of social responsibility in their final choice. It is estimated that the findings of this study will provide information to port operators about service-purchase priorities of international commerce companies and the significance of social responsibility in their selection process. The findings would also shed light to developing policies and strategies in line with the obtained results and this study would thus raise public awareness toward this issue.

## 4. Method

The reason behind selecting Kocaeli Region as the case study region is Kocaeli's role as the most vibrant port and industrial city of Turkey. Due to the time and cost limitations of the study and

intensive workload, non-randomized sampling method was applied and respondents were selected via convenience sampling method. 32 international commerce companies in total were given the survey and this study was conducted as a pilot study.

Data collection tool of the study was face-to-face survey method. The survey included questions directed to measure the significance level of social responsibility, in comparison to several other factors, behind the choices of international commerce companies selecting a port operator. Survey questions were ranged in a scale as 1: Not important at all, 5: Extremely important. The scale employed by Tandoğan(2009) was the reference of this application. Data collection process was conducted between the dates 23 September–30 November 2016.

All data collected during the study process was assessed via SPSS 15.0 package program.

## 5. Findings

### 5.1 International Commerce Companies' Reasons in Selecting a Port Operator and Significance Level of Social Responsibility

32 international commerce companies answering the survey questions were asked to select the factors in Table 1 according to significance level that they look for in purchasing service from any given port operator (1: Not important at all, 5: Extremely important) and below- listed answers were collected;

**Table 1.** International Commerce Companies' Reasons in Selecting a Port Operator and Significance Level of Social Responsibility

Factors	N	Mean	Standart Deviation
Cargo handling in a shortest time	32	4,7187	,63421
Image	32	3,7813	,83219
Social responsibility	32	4,3125	,78030
Promotion activities	32	4,1875	,82060
Cargo handling with lowest cost	32	4,6563	,74528
Cargo handling without any losses and with no damage	32	4,5625	,71561
<b>Croanbach's Alpha:0,7543</b>			

Table 1 exhibits that; respondent international commerce companies operating in Kocaeli Region paid the highest level of importance to the feature of handling of load/discharge in the shortest time by a port operator. The second factor was handling of the load/discharge with lowest cost. The third factor was handling of the load/discharge without any losses, and with no damage. Social responsibility factor ranked as the fourth factor.

## 6. Conclusion

Kocaeli Region is among the lead cities of Turkey in terms of its port operations as well as international commerce activities. Recent boost in the export and import potential of Kocaeli Region, in effect, increased the competition among port operators. As a consequence, the directors of port operator companies have been led to implement new policies and strategies. One strategy is detecting what factors international commerce companies favor in their port operator choices and to identify the level of significance paid to social responsibility factor as a differentiation strategy. Likewise, in this pilot study too, the survey questions were directed to 32 international commerce companies operating in Kocaeli Region to measure the level of significance paid to social responsibility factor in selecting a port operator. This survey manifested that respondent international commerce companies operating in Kocaeli Region paid the highest level of importance to handling the load/discharge in the shortest time by a port operator. In maritime transport, time is the utmost factor. The sooner a load/discharge is handled the quicker it is feasible for the buyer to start manufacturing process and exhibits its product in the market earlier than its competitors. This is an advantage for the ship owner too. The sooner handling means that the ship owner can ship another load to transport.

Second factor was selected as the handling of the load/discharge with the lowest cost. This finding evidences that international commerce companies pay heeds to port costs and emerging prices. The third factor was handling of the load/discharge without any losses, or with no damage. Accordingly, survey respondents favored to receive their loads/discharges as recorded

in shipping document. Social responsibility factor was ranked as the fourth item in selection process. Considering the increased level of harmful factors to the nature, environment and sea in modern age it is deemed significant to rank social responsibility factor among the upper ranks and even at the top rank to consider. To achieve that mission, port operators have been assigned with critical duties. Accordingly port operators are expected to organize trainings and seminars to promote the protection of sea and environment; sponsor relevant activities; train the local citizens and by raising the collective awareness to help the international commerce companies to choose social responsibility as one of the top-priority factors while selecting a port operator.

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