Solid State Technology Volume: 63 Issue: 6 Publication Year: 2020

Corporate Spirituality and Sustainability Performance of Logistics Service Providers: A Pilot Study

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Abstract-This study examines the effect of corporate spirituality on the sustainability performance of logistics service providers (LSPs) and to investigate whether company's demographic is a factor for the LSPs to possess corporate spirituality. Governed by Spirituality Leadership theory and Resource-Based View theory, this study quantitatively used 31 pilot data gathered from LSPs in Malaysia. The results found that corporate spirituality has a significant positive relationship with the sustainability performance of LSPs. Yet, company's demographic is not a factor for the leaders in the LSPs to possess corporate spirituality in the leadership. This study adds empirical evidence on the examined relationship, especially in logistics companies which is found to be very limited in existing literature. Thus, this study expects to provide early insights into the research of corporate spirituality and organizational sustainability, as well as to motivate LSPs promoting corporate spirituality values among their leaders, thus can result in sustainability performance.

Keywords-Corporate spirituality, demographic, logistics service providers, sustainability

I. INTRODUCTION

Asia's countries have undergone significant changes over the last few decades. Rapid growth brings people out of poverty, improves health, education and well-being. Unfortunately, these positive changes have been followed by several challenges including pollution, urbanisation and climate crisis [1]. Logistics plays a vital role in globalisation of business nowadays. However, it is recognised as one of the sectors that contributes to sustainability issues of environmental pressure and climate change [2, 3].

Logistics services, especially logistics transportation has significantly contribute negative side effects to the environment such as air pollution, noise, high energy usage, accidents and time loss due to congestion [4, 5].

Additionally, the said service also produces greenhouse gases emission (GHG) which contains carbon dioxide (CO₂) and nitrogen dioxide (N₂O) [6, 7]. In worst case scenario, high volume of CO₂ and N₂O in GHG can lead to death [8]. Due to this, it is important to give high concern on the environmental sustainability measures as it contributes greatly to Sustainable Development Goals (SDGs) proposed by the United Nations (UN). According to an analysis by the UN, the significant of conserving environmental by transportation contributes to six goals of SDGs which are; Goal 3- Good health and well-being, 7-Affordable and clean energy, 9- Industry innovation and infrastructure, 11- sustainable cities and communities, 12- responsible consumption and production and 13- Climate action [9], as shown in Figure 1.

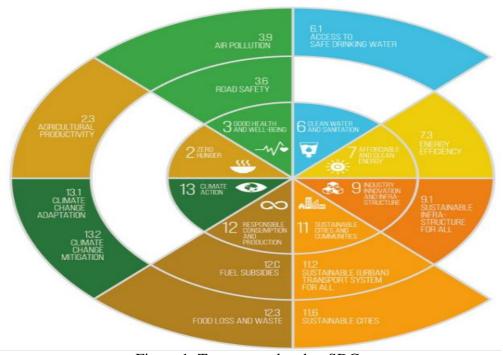


Figure 1: Transport related to SDGs Source: Slocat [59]

Malaysia, as one of the developing countries is not spared. As a new developing industrial country, where environmental policies are yet given high attention, is struggling with increasing air pollution produced by logistics transportation service. The growing economy in Malaysia has amplified the logistics demand, which in turn reciprocate with the said consequences [10]. There exist a significant relationship between GDP and CO₂ emission [10, 11]. High GDP means the increase of logistics transportation needed to cater domestic

and international trade [11]. Subsequently, transportation service becomes the second largest emission contributor in Malaysia by 2020 [12]. Therefore, as environmental integrity is a prerequisite for healthy social and economic system, environmental protection thus must be prioritised in logistics services [13].

In order to address the mentioned challenges, logistics service providers (LSPs) need to pay great attention on responsibility to sustain the environment, social and economic performance for today's development, without compromising needs of future generation. In any company, a transformation from profit-oriented economic development to sustainable development is unfeasible without concerning on the principal relation between sustainability and spirituality. It accentuates the inner growth of humankind which would ignite a pattern of sustainable development in protecting our environment [14]. A healthy environment leads to a healthy society and economic development. In business context, this term is called as corporate spirituality [15]. Hence, spirituality and sustainability are now a new trend. They are supposedly completing each other [16]. However, due to lack of awareness among them, they do not go in hand.

From a search in Google Scholar database engine, there was no available article with several closest related keywords such as "corporate spirituality and logistics sustainability", "spirituality and sustainable logistics performance", "corporate spirituality in logistics service providers", "corporate spirituality and logistics service providers sustainable performance" and "spirituality and logistics" from 'any time' of time range. Instead, the search has shown articles of spirituality in other business sectors and fields. Thus, it can be concluded that the study of corporate spirituality in logistics sector is extremely limited.

For these reasons, this study embarks with two objectives which are to examine the relationship between corporate spirituality and sustainability performance of LSPs, and to further investigate whether demographic of LSPs affect the implementation of corporate spirituality in the company. Using pilot data, the findings are expected to give new insight into LSPs on the significant of corporate spirituality values among their leaders in order to gain sustainability performance in current challenging world. In next sections, this paper will discuss literature review, follow by research methodology, findings and analysis, discussion and conclusion.

II. LITERATURE REVIEW

Corporate Spirituality and Sustainability Performance of LSPs

LSPs are aimed to move towards sustainability performance approach, concerning on the environmental, social and economic performance, as a result of growing awareness of the unsustainable of logistics services which threaten the environment directly [17], social and economic performance indirectly [18]. According to the literature, firms which involve in environmental activities are much favourable among stakeholders and shareholders [19, 20, 21]. This situation will bring greater business opportunities to the LSPs, thus lead for sustainable performance for both LSPs and Earth simultaneously; a balance win-win situation in terms of; (i) save Earth from climate change effect, (ii) healthy and harmony Earth for living creatures to live in, (iii) increase economic performance of LSPs and (iv) social welfare of employees are taken care of [22].

Therefore, as a main player in logistics sector, LSPs should put high attention to incorporate corporate spirituality among their leaders. Leaders, who are responsible to make decisions for the companies and lead workers to achieve mission and vision are actually vital in accessing corporate spirituality. Leaders with corporate spirituality would take serious concerns on environmental, social and economic sustainability performance, thus leading to sustainable

development for the companies [15]. Although many logistics sustainability measures might need substantial investment, the returns will surpass the costs. Consequently, customers will view their LSPs with trust, and they are also safe from penalties for violating environment. Hence, by following the path of sustainability, the LSPs are gaining more customers [23]. This creates competitive advantage as well.

Corporate Spirituality

Majeed, Mustamil, and Nazri [24] claim that corporate spirituality is new in academic research. It is inspired from the interest in spirituality and leadership thus, companies put extra efforts to bring spirituality to the workplace. It is viewed as the basic level of incorporation between own values and spiritual ideas. It mirrors 'personal spirituality'. Meanwhile, Mohd Zawawi and Abd Wahab [15] claim that corporate spirituality is a strategic combination of spiritual leadership, workplace spirituality and business spirituality that develop an encouraging, joy, happiness, satisfaction and positive psychological well-being among employees in an organization, as a result of virtue leaders who make wise and wisdom decisions especially to truly consider sustainability of social, environment and economic in their decision making process. Fry and Slocum Jr [25] suggest that leaders today "need to develop new business models that accentuate ethical leadership, employee well-being, sustainability and social responsibility without sacrificing profitability, revenue growth, and other indicators of financial performance".

Thus theoretically, corporate spirituality will generate constructive outcomes and sustainability to an organization. It is rooted basically from the virtue and positive managers who lead to wise decision making. Therefore, values and ethics of leaders are seen to have a significant impact on the decision making process towards working environment and society [26]. Furthermore, motivation and leadership are also important elements to maximize the sustainability performance in an organization [25]. Other than spiritual leadership, the concept of corporate spirituality is also supported by the interrelation between workplace spirituality or socio-physical space and psychological well-being [27]. Corporate spirituality also relates to personal development, meaningful and work enjoyment, compassion, workers' well-being, commitment at job, honesty and trust. Furthermore, an individual who is driven by spirituality will result in good attitudes and virtue, occupied with loyalty, honesty, trustworthy and integrity [28, 29]. These positive values are very important in producing ethical leaders and employees in a company [30], hence promoting sustainability in both workplace and personal life [31]. Therefore, it can be hypothesized that:

Hypothesis 1: Corporate spirituality has a significant positive relationship with the sustainability performance of LSPs.

Demographic of Company and Corporate Spirituality

Company's demographic factor is questionable whether it gives impact to corporate spirituality values in the company. A company is normally characterised by size, age of establishment and company characteristics. According to literature, small and medium enterprises are not left behind in possessing corporate spirituality. As such, the company's ethical merit cannot be judged through its size, but for what they do [32]. On the other hand, a study about age of a company also reflects the power of human relationship in the company, either within employees or stakeholders. Thus, it adds spiritual capital to the company which then brings to competitive advantage through financial performance [33]. In

contrast, spirituality is integrated into overall business, not with demographic classification [34]. It is actually essential to workers, as its moral significance is attached to decision making. Therefore, spirituality is based on individual's spirituality [34]. Another support claims that workers do their work with ethics, integrity and excellence based on their own calling, but not have credited the history of the calling to the company [34]. Hence, it can be hypothesized that:

Hypothesis 2: Demographic of company is not a factor for LSPs to have corporate spirituality values.

Underlying Theories

This study is governed by two theories which are Spiritual Leadership Theory (SLT) and Resource-Based View Theory (RBVT).

Fry [35] mentions that SLT incorporates positive human health and well-being concepts through values of workplace spirituality such as positive psychology, spiritual leadership and ethics. He argues that these values lead to ethical well-being which is defined as individual's genuinely live with attitudes, values and behaviours from inside out to create values corresponds to universal values inherent in SLT [36, 37]. Fry and Whittington [37] suggest that any individual either leader or employee who practicing spiritual leadership will possess (i) high life satisfaction like serenity, joy and peace, (ii) purposeful and meaningful life, (iii) capable of follow inner beliefs and (iv) continuous self-growth and self-realization. These values will lead to effectiveness in leadership, greater employee commitment and customer satisfaction [38, 39, 40]. Consequently, Fry and Slocum Jr [25] conclude that spirituality values in leaders maximize the effect of environmental, social and economic sustainability performance in companies.

Meanwhile, the RBVT argues that human capital is a company resource, enabling an organization to envision and implement its strategies to improve its overall performance, thereby sustaining a competitive advantage [41]. Sound judgment, intelligence and the positive insight of managers and workers will assist in the decision-making processes of the organization [41, 42]. Barney [41] also claimed that an organization which follows the concept of valuable-rare-inimitable-non-substitutable resources has a higher probability of developing superior performance and sustainable competitiveness [43, 44, 45]. As a result, a competitive advantage with superior performance nowadays has become a vital element that supports the sustainability of an organization [46].

The combination of both theories suggests that leaders with corporate spirituality values will amplify the environmental, social and economic performance of the company because they understand that the welfare of environment, their workers and society are equally important as economic development. By achieving this sustainability, the company generates competitive advantage among competitors. In other words, companies without sustainability measures are less competitive in the market and lost trust from customers, thus lag them behind. Therefore, based on literature and underlying theories, this study proposes a conceptual framework as shown in Figure 1. Corporate spirituality which acts as independent variable is measured by three dimensions; emotional, psychological and social well-being. Meanwhile, dependent variable of this study, sustainability performance of LSPs is measured by three dimensions; environmental, social and economic performance.

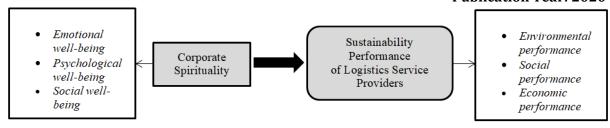


Figure 2: Conceptual framework

III. RESEARCH METHODOLOGY

Research Design

A pilot study was conducted in Klang, Selangor, Malaysia. A total of 31 sets of data were obtained from 31 LSPs through self-ministered questionnaire. Hair et al. [47] mentioned that 4-30 sample size of similar characteristics is adequate for a pilot study. The list of LSPs registered under Federation of Malaysian Freight Forwarders were randomly chosen from Malaysia Logistics Directory 2018/2019 [58]. The questionnaires were distributed to leaders of companies, including chief executive officer (CEO), managing director, general manager, senior manager and senior executive.

The questionnaire contains 11 items measuring corporate spirituality in Section A, 13 items measuring sustainability performance of LSPs in Section B and 11 demographic items in Section C. The respondents were asked to answer on a 7-point Likert scale ranges from 1 (strongly disagree) to 7 (strongly agree). By following Mohd Zawawi and Abd Wahab [15], the measurements for corporate spirituality were adapted from Keyes [48] and Keyes [49]. The measurements are regarded as very significant in terms of attempts to assess corporate spirituality. Meanwhile, the measurements for sustainability performance of LSPs were adapted from Paulraj [50], Huo [51] and Huo et al. [52]. The gathered data were analysed using SPSS 22.0 statistical software. Further analysis comprised of descriptive, reliability and correlation analysis.

IV. FINDINGS AND ANALYSIS

Descriptive Analysis

Table 1 shows demographic analysis for respondents. Most of the respondents were senior executives of the company, diploma holders who has been working in the company for 2 to 5 years and possessed 2 to 5 years' experience in current job. Since majority of respondents had 2 to 10 years of experience in both company and current job, these have made their answers very valuable for this research. However, only one managing director and no CEO answered the questionnaire.

Table 1: Demographic of respondents

Highest education	Frequency	Years in	Frequency
		organization	
High School	2	1 year or less	6
Certificate			
Diploma	14	2-5 years	12
Bachelor Degree	13	6-10 years	7
Master Degree	1	More than 10 years	6
PhD/DBA	1	•	
Total	31	Total	31
Current Position	Frequency	Years in current job	Frequency
Senior Executive	23	1 year or less	3
Senior Manager	3	2-5 years	16
General Manager	4	6-10 years	7
Managing Director	1	More than 10 years	5
CEO	0	•	
Total	31	Total	31

Meanwhile, Table 2 shows demographic of company in terms of years of establishment, number of employees and company characteristics. Years of establishment and number of employees represent age and size of company respectively. In service sector, company with less than 5 employees is considered as micro, 5 to less than 30 is small size, 30 to less than 75 employees is medium and more than 75 employees is considered as large in size [53]. Hence, from the data in Table 2, majority of LSPs involved are categorised as medium size, in which they had 30 to less than 75 of employees. Furthermore, they established more than 10 years in the market, and majority of respondent LSPs were locals.

Table 2: Demographic of company

Numbers of employees	Frequency	Years of establishment	Frequency	Company characteristics	Frequency
Less than 5 persons	5	2 year or less	2	Government link company	0
5 - less than 30 persons	4	3-5 years	5	Foreign-local joint venture company	3
30 - less than 75 persons	13	6-10 years	6	Foreign company	4
75 persons and more	9	More than 10 years	18	Local company	24
Total	31	Total	31	Total	31

Table 3 shows mean and standard deviation values for both variables involved. Mean for corporate spirituality is 5.9501 and sustainability performance of LSPs is 5.8412, indicating that respondents somewhat agreed with the questions in general in terms of corporate spirituality and sustainability performance of LSPs. Standard deviation for corporate spirituality and sustainability performance of LSPs is 1.1632 and 1.3301 respectively, and

considered small which indicates that the values in a statistical data set are concentrated around the mean of the data set.

Table 3: Mean and standard deviation of variables

Variables	Mean	Standard Deviation
Corporate Spirituality	5.9501	1.1632
Sustainability Performance of LSPs	5.8412	1.3301

Reliability Analysis

Value of Cronbach's Alpha is used to estimate the reliability of the data. Table 4 shows that Crombach's Alpha for corporate spirituality is 0.982 and sustainability performance of LSPs is 0.981. According to Nunally [54], Cronbach's Alpha above 0.7 is considered acceptable. In detail, Sekaran [55] suggests that if the value of Cronbach's Alpha is less than 0.6, the reliability of the data is considered poor, if the value is 0.7, they are considered as acceptable and the reliability of the data is good if the Cronbach's Alpha value is above 0.8. Thus, the reliability is better when the Cronbach's Alpha is approaching 1.0. Therefore, from this result, the Cronbach's Alpha for both variables indicates the data is in good internal consistency.

Table 4: Reliability analysis

Variables	Cronbach's Alpha	N
Corporate Spirituality	0.982	11
Sustainability Performance of LSPs	0.981	13

Correlation Analysis

As shown in Table 5, the Pearson correlation coefficient, r for the relationship between corporate spirituality and sustainability performance of LSPs is 0.857, with significant value, p = 0.01. A Pearson Correlation matrix indicates the direction, strength and significance of the bivariate relationships among all variables that were measured at an interval or ratio level [56]. This will clarify to what extent the relationships that exist between the independent and dependent variables. For this study, Pearson correlation analysis was done to observe how strong the correlation between corporate spirituality and sustainability performance of LSPs.

Table 5: Correlation Analysis

Variables		Corporate Spirituality	Sustainable LSPs' Performance
Corporate Spirituality	Pearson Correlat	ion 1	0.857
	Sig. (1-tailed)		0.01
	N	31	31
Sustainability Performance LSPs	Pearson Correlat of	ion 0.857	1
	Sig. (1-tailed)	0.01	
	N	31	31

Theoretically, the correlation could range between -1.0 and +1.0, a significance of p=0.05 is generally accepted as conventional level in social science research. This indicates that 95 times out of 100, we can be sure that there is a true or significant correlation between the two variables, and there is only 5% chance that the relationship does not truly exist. According to Cohen [57], if the value of r is in the range of 0.1 - 0.29, the correlation is considered as small, when r=0.3 - 0.49 it is assumed that the relationship has a medium strength and the correlation is large when r=0.5 - 1.0, suggesting that the relationship of both examined variables is strong. Therefore, for this study, the Pearson correlation result in Table 3 explains that corporate spirituality has a significant and positive strong correlation with sustainability performance of LSPs, with 99% chance that the relationship exists.

Corporate Spirituality versus Sustainability Performance of LSPs

Further analysis in Figure 2 shows distribution of respondent LSPs in four respective quartiles. Point 1 to 7 on the x-axis and y-axis in the graph represent range values of Likert scale, which 1 is strongly disagree and 7 is strongly agree. As cut-off lines lied along points of (4.00, 0.00) and (0.00, 4.00), Quartile 1 denotes that when the respondents slightly disagreed with the corporate spirituality, the sustainability performance is low. In contrast, Quartile 4 indicates that when the respondents agreed with corporate spirituality, their performance is high. From the figure, only 2 companies lied in Quartile 1, 28 companies lied in Quartile 4, and 1 LSP lied between Quartile 2 and Quartile 4. Meanwhile, the only LSP which lied on the border of Quartile 2 and Quartile 4 explains that although the company is neutral about corporate spirituality, it still obtained sustainability performance. As summary, this graph illustrates that most respondent LSPs possess corporate spirituality values among their leaders, thus resulted in sustainability performance of their companies.

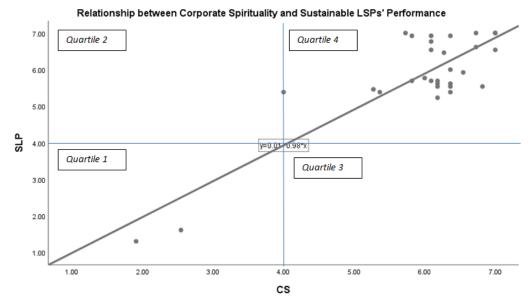


Figure 3: Corporate Spirituality versus Sustainability Performance of LSPs

Furthermore, this graph also shows whether companies' demographic elements as stated in Table 2 are factors for respondent LSPs in possessing corporate spirituality. The analysis revolved on the two LSPs lied in Quartile 1 as both of them did not agree with corporate spirituality.

Firstly, the two companies in Quartile 1 have less than 5 employees, and 30 to 75 employees respectively. Looking at Table 2, there are 4 other LSPs with less than 5 employees and 12 other LSPs with 30 to 75 employees, yet they possess corporate spirituality and achieve sustainability performance. Therefore, it can be assumed that size of company is not a factor for LSPs to possess corporate spirituality among leaders.

Secondly, in terms of age of company, one of the LSPs in Quartile 1 operated for more than 10 years and another LSP just operated for 2 year or less. Meanwhile, the rest of LSPs lied in Quartile 4 vary from 2 year or less, 3 to 5 years, 6 to 10 years and more than 10 years of establishment. Hence, it can be assumed that age of company is not a factor for LSPs to have corporate spirituality values.

Finally, the demographic is viewed from company's characteristics. Both companies in Quartile 1 have different characteristics; one is a local company and the other one is a foreign-local joint venture company, while some others in Quartile 4 are also from these characteristics. Thus, it can be said that company characteristics is not a factor for LSPs to have corporate spirituality values.

Hence, based on correlation analysis and corporate spirituality versus sustainability performance graph, it can be concluded that hypothesis 1 and 2 which suggested that corporate spirituality has a significant relationship with sustainability performance of LSPs, and demographic of company is not a factor for LSPs to have corporate spirituality values, are all supported. Table 4 shows the summary.

Table 4: Summary of hypotheses

		Remarks
Hypothesis 1	Corporate spirituality has a significant positive	Supported
Hypothesis 2	relationship with the sustainability performance of LSPs. Demographic of company is not a factor for LSPs to have corporate spirituality values.	Supported

V. DISCUSSION

Corporate spirituality, theoretically, will bring positive outcomes and sustainability to an organization. It is basically grounded by virtuous and positive managers who lead toward wise decision making, which is key to the survival of the organization [15]. As supported by hypothesis 1, in which corporate spirituality has a significant positive relationship with the sustainability performance of LSPs, it holds that leaders in the respondent companies are always in good spirits, happy, calm, peaceful and content. They have high satisfaction with their works, able to select, manage and mold personal environs to suit company's need. Thus, they are guided by own, socially accepted, internal standard and values in doing decision making process. These combination measures of emotional, psychological and social wellbeing produce good leader with good ethical conducts especially in managing decisions for the sake of company's sustainability performance. This is aligned with literature which explained that individual with spirituality concern are vital in producing ethical leaders [28]. Ethical leaders have a significant effect on decision making process especially when dealing with working environment and society [26], therefore promoting sustainability for the company [31]. This situation aligns with Fry and Slocum Jr [25] who claimed that leaders with spirituality values maximize the company's effect of environmental, social and economic sustainability performance. Additionally, other than direct relationship between corporate spirituality and sustainability performance, Mohd Zawawi and Abd Wahab [15] argue that corporate spirituality is also theoretically considered as fourth component of sustainability, enhancing Triple Bottom Line (TBL) components. Corporate spirituality values act as glue that binds environmental, social and economic performance together. It is called as Quadruple Bottom Line (QBL). In other words, corporate spirituality fills the lack of leaders' quality in TBL such as integrity, morality, loyalty and emotional well-being which actually generates consideration for environmental, social and economic sustainability performance in a company.

For example, LSPs with corporate spirituality leaders plan their operations in ways that can reduce the volume of waste (air/liquid/solid) discharged to the environment, decrease the consumption of harmful materials, decrease the risk of environmental accidents and decrease the energy consumption. Therefore, it can reduce environmental impacts and risks to society, improve society health and safety, as well as improve overall stakeholder welfare and betterment, parallel with Goal 3, 7, 9, 11, 23 and 13 of SDGs as mentioned earlier in Introduction section. As a consequent, corporate spirituality is said indirectly helps nation to achieve SDGs. Furthermore, as nowadays LSPs' customers and other stakeholders also hold for sustainability mission and vision, the execution of sustainability measures in the company is considered as competitive advantage in the market, thus lead to growth in sales, profit and market share.

As far as hypothesis 2 is concerned, the finding supported that corporate spirituality is possessed in LSPs regardless of its demographic factors. Size, age and characteristics of the

company are found affect-less in possessing corporate spirituality values in the company. It is actually depends on the inner consciousness of leaders (individual) to have spirituality concern in them thus spreading its values to other workers and company's sustainability performance. This finding is in parallel with literature which explained that corporate spirituality is necessary to the individuals in the company as they are involved in decision making process. This is because spirituality is based on individual, not company's demographic factors [34]. Aras and Crowther [32] also argued that company's ethical value is judged through their actions, not their company's attribute. Furthermore, besides answering hypothesis 2, the graph (refer Figure 3) also interestingly reflects that LSPs in Malaysia have corporate spiritual leaders who lead the companies to the sustainability performance.

Due to the significance of corporate spirituality in LSPs' sustainability performance, this study suggests several strategies to enhance or maintain the implementation of corporate spirituality in LSPs. Firstly, board of management must make compulsory for leaders and employees to participate in corporate spirituality awareness programmes especially in terms of emotional well-being and inner-self-development. Today, such programmes receive high attention from many sectors including industrial, service and educational sectors as they believe individual's positive values comes from emotional intelligence (EQ) and self-growth. Secondly, the LSPs should provide suitable leadership training to always improve their leaders' leadership skills. Third, do encourage diversity in leadership by meeting with leaders from international companies and practically learn the skills and values from them.

VI. CONCLUSION

The aim of this study which is to examine the influence of corporate spirituality on the sustainability performance of LSPs is achieved. The results show that corporate spirituality has a significant positive effect on the sustainability performance of LSPs. Additionally, the result reveals that corporate spirituality is possessed in the LSPs regardless of the company's demographic factors. Since this study used only a pilot data, further investigation using bigger data is recommended in order to give exact result of the research. Moreover, it is suggested that future research can use demographic of company as moderator variables to observe their moderating effect on the relationship between corporate spirituality and sustainability performance of LSPs. In conclusion, the results of this study are expected to provide early insight into corporate spirituality research in organizational sustainability performance, especially in the context of logistics companies. In practical, this study gives new knowledge to organizations especially logistics companies to motivate their leaders incorporating corporate spirituality values in order to result in company's sustainability performance, thus being competitive in the market.

VII. ACKNOWLEDGEMENT

This research is funded by Ministry Higher Education (Malaysia), under Fundamental Research Grant Scheme (FRGS), grant number R/FRGS/A1100/01670A/001/2018/00547.

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