



Trends in Sustainability Reporting Between 2004-2014 by Fortune 250: Turkey Case

M.Sebnem Ensari^{1*}, Melek Erdil¹, Hazal Genc¹

¹Nisantasi University, Department of Business Administration, 34406, Kagithane/Istanbul, Turkey.

*Corresponding Author e-mail: muhteremsebnem.ensari@nisantasi.edu.tr

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Abstract

This paper evaluates the trend in sustainability reporting between 2004 and 2014 of Fortune 250 of Turkey. In order to do this, the websites of each company listed in Fortune 250 were analyzed, and the existence of sustainability report, the companies' existing webpage including their ideas and vision related to sustainability were also taken into account separately. This study was repeated for the list of Fortune 250 bi yearly from 2004 until 2014. The analysis of Fortune 250 companies of Turkey between 2004-2014 has shown that, compared with 2004, reporting on environmental and social issues has increased significantly.

Key words

Sustainability, Trend, Turkey, Fortune 250

1. INTRODUCTION

Sustainability reporting, has gained large acceptance between the companies over the last twenty years. First environmental reports were published in the late 1980s by companies in the chemical industry which had serious image problems. The other group of early reporters was a group of committed small and medium-sized businesses with very advanced environmental management systems [1]. Many companies now produce an annual sustainability report and there are a wide array of ratings and standards around [2].

A focus on sustainability helps organizations manage their social and environmental impacts and improve operating efficiency and natural resource stewardship, and it remains a vital component of shareholder, employee, and stakeholder relations. Corporate sustainability reporting represents a rapidly-growing arena for corporate reporting that involves reporting nonfinancial and financial information to a broader set of stakeholders than only the shareholders. The reports inform various stakeholder groups on the reporting organization's ability to manage key risks related to the organization that are of a concern to the stakeholders. Because these interests vary, the type of information varies in turn, however, much of the information surrounds economic, operational, social, philanthropic, and environmental objectives [3].

In the millennium age, companies are getting more concerned about sustainability reporting in order to overcome social and environmental drawbacks caused by globalization. Sustainability reports are used as a way of communication tool of companies between them and their stakeholders. As Kolk [4], mentioned that since the publication of the first separate environmental reports in 1989, the number of companies that have started to publish information on their environmental, social or sustainability policies and/or impacts has increased substantially.

With the rise in influence of the global reporting initiative and its series of sustainability reporting guidelines, corporate sustainability reports, also frequently referred to as corporate social responsibility reports and health safety and environment reports, have begun to appear regularly on the websites of many of the world's largest firms, duplicating or more often supplanting printed copies, to the point that even when a printed copy exists it is also available electronically [5]. According to environmentalleader.com, over two-thirds of the Fortune Global 250 issue sustainability reports. Firms continuously seek new ways to improve performance, protect reputational assets, and win shareholder and stakeholder trust. Lately, many academic studies have focused on evaluating the interest of the companies by analyzing these electronic sustainability reports of the companies ranked in Global Fortune 250 and Fortune 500 [4], [5], [6], [7], [8], [9], [10], [11], [12], [13], [14].

In Turkey, sustainability reporting is also a new concept for the companies. In practice, there is a latest development which must be mentioned. Borsa İstanbul has signed a cooperation agreement with Ethical Investment Research Services Limited (EIRIS) to create BIST Sustainability Index. BIST Sustainability Index which has been launched on the 4th of November 2014 aims to provide a benchmark for Borsa İstanbul companies with high performance on corporate sustainability and to increase the awareness, knowledge and practice on sustainability in Turkey. The Index reflects companies' approach to important sustainability issues including global warming, draining of natural resources, health, security and employment, while allowing an independent assessment of their operations and decisions regarding these issues and, in a sense, their registration. EIRIS assessed BIST 30 constituent companies in 2014 and BIST 50 constituent companies in 2015 [15].

Since it is a new concept also in practice, there are few research related to sustainability reporting, but there is no research conducting on to understand the trend in sustainability reporting for the fortune 250 companies in the country. Altuntaş and Türker [16], made a content analysis for the sustainability report to understand their supply chain mechanism correctly. Kavut [17] also made a content analysis for the environmental directions in sustainability reports. Önce et al. [18] conducted some research to understand the number of sustainability reporting in Turkey. The purpose of this paper is to identify trend in sustainability reporting between 2004 and 2014 of Fortune 250 of Turkey, by analyzing their sustainability reports on their websites. This analysis is important to understand the practices of sustainability reporting in Turkey as no other study is conducted to discover changing trends between successful companies within the country. To accomplish this objective, a literature review was performed along with descriptive analyses of these practices for Fortune 250 of Turkey.

2. MATERIALS AND METHODS

This study aims to provide a descriptive analysis of trend in sustainability reporting among Fortune 250 companies of Turkey. The Fortune 250 lists covering the years 2004, 2006, 2008, 2010, 2012 and 2014 were taken from the website of Istanbul Chamber of Industry. The official websites of Fortune 250 companies of Turkey were accessed between 01/10/2015 and 31/10/2015. The website analysis consists of particularly the existence of sustainability report, the companies' existing webpage including their ideas and vision related to sustainability were also taken into account separately. The analysis followed the procedure including the search of industries and property of each company between 2004-2014. The study was repeated bi yearly in order to see the trend in sustainability reporting of Fortune 250 companies of Turkey. This study considered all types of sustainability reports published on companies' websites. Since the information related to the identities of the 41 companies was not provided, these organizations were excluded from the analysis. Excluding the exceptions mentioned, the sample was composed of the data gathered from the websites of the Fortune 250 companies of 6 years (2004, 2006, 2008, 2010, 2012 and 2014) consolidated and a descriptive statistical analysis was conducted. The statistical analysis provides a summary of:

- a) the difference in sustainability reporting among industries sorted by ISIC REV.2
- b) comparison of sustainability reporting in respect to the property of the companies
- c) the trend in sustainability reporting among Fortune 250 companies of Turkey between 2004-2014.

3. RESULTS AND DISCUSSION

The percentage of companies which publish sustainability reports on their websites has increased dramatically between 2004-2014. When the age of the companies with sustainability reporting has been analyzed, it is founded that the average age of the companies in 2014 is 39, whereas it was 42 in 2004. It means, at first more structured and old companies started to publish their sustainability report, as the time passes younger companies have interested in sustainability reporting. According to number of employees, there is a great difference between the companies in respect to the existence of sustainability report in 2014. Average employee number of the companies with sustainability reporting is 3.461 and average employee number of the companies without sustainability reporting is 1.506.

Figure 1 presents a chronological evolution of percentage of organizations issuing a sustainability report between the years of 2004-2014. This study found that 4,8% of the sample issued a sustainability report in 2004, much lower than 38% reported in 2014. Also, in 2015, 40% of the companies have sustainability sections on their websites. In the last decade, since the awareness of the companies about environmental and social sustainability arose, the number of the companies which have sustainability reports has been growing in a remarkable way.

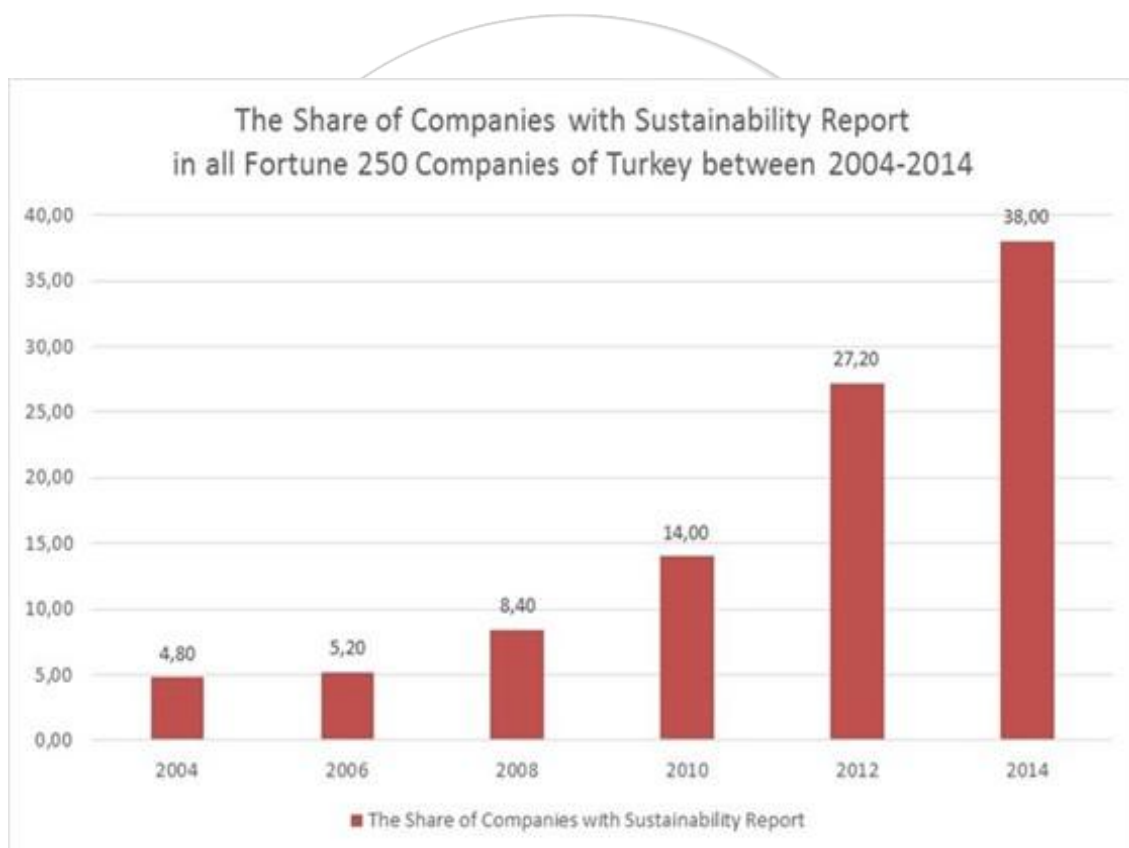


Figure 1. The Share of Companies with Sustainability Report in all Fortune 250 Companies of Turkey between 2004-2014.

Figure 2 shows, the industry patterns in 2014, the percentages of sustainability reporting per industry reveals a great difference with manufacture of transport equipment and food manufacture leading, followed by manufacture of electrical machinery, apparatus, appliances, supplies and iron & steel basic industries. Except for food manufacturing industry, the rest of the top sustainability reporting companies seems to be active in heavy industries.

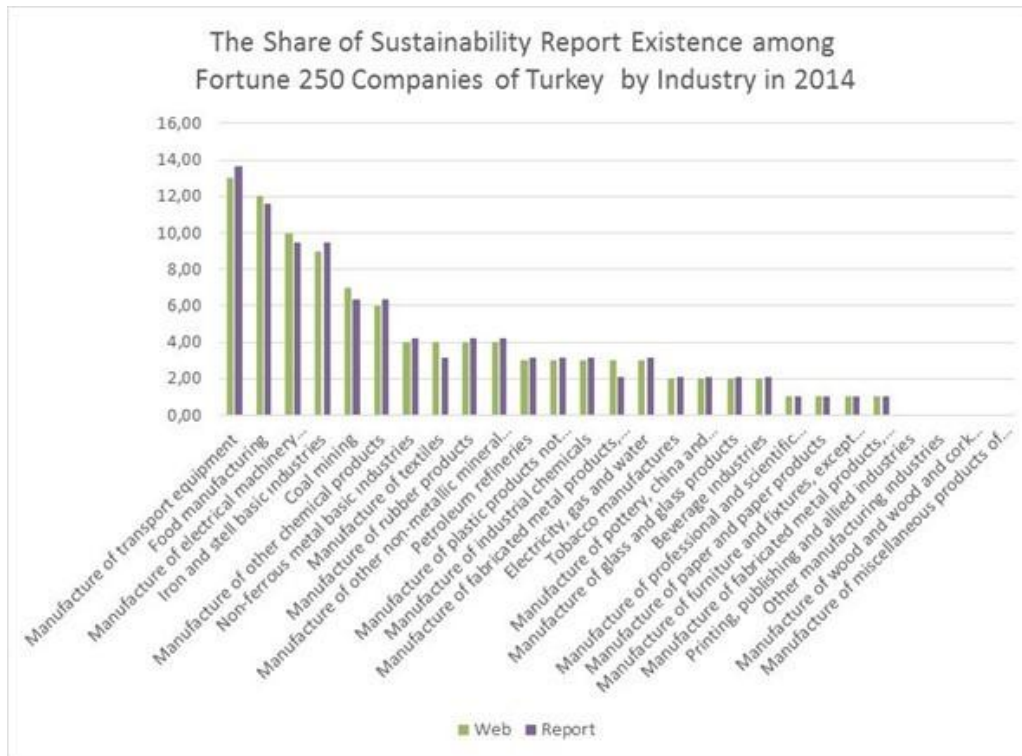


Figure 2. The Share of Sustainability Report Existence among Fortune 250 Companies of Turkey by Industry in 2014.

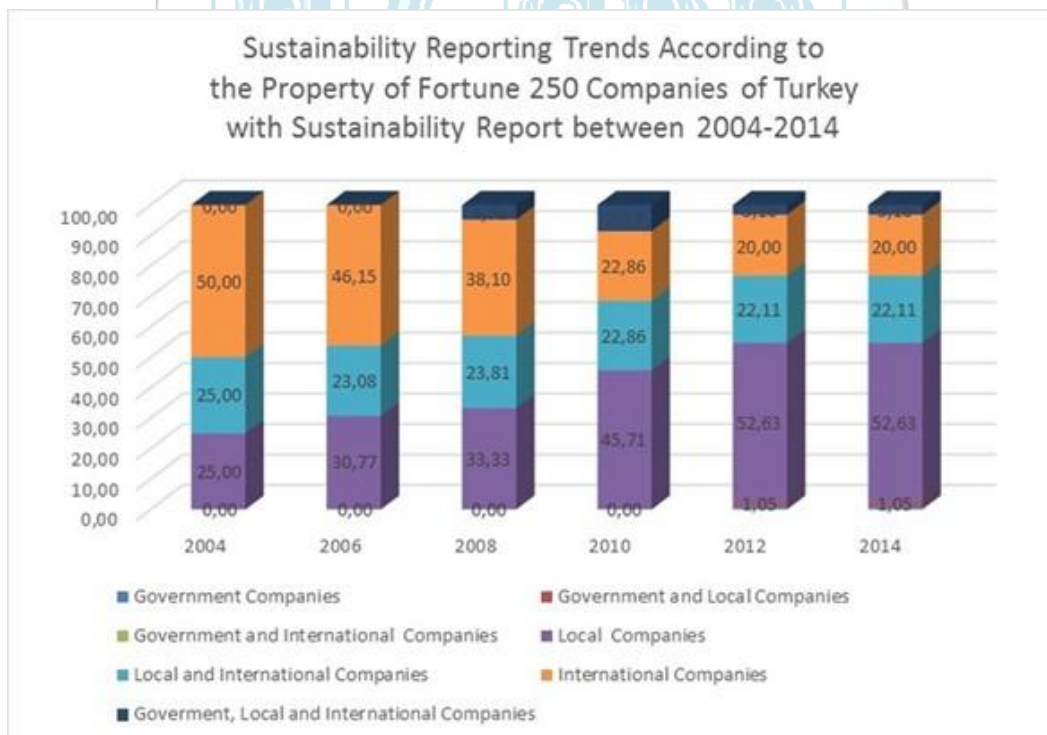


Figure 3. Sustainability Reporting Trends According to the Property of Fortune 250 Companies of Turkey with Sustainability Report between 2004-2014.

Figure 3 indicates the sustainability reporting trends according to the property of the Fortune 250 companies of Turkey with sustainability report between 2004-2014. A comparison of the companies in terms of property

reveals a notable difference between 2004-2014. Within this period, while the percentage of international companies decreased relatively from 50% to 20% overall, for the local companies this changed from 25% to 52, 63%. The reason of this change can be explained by the growing awareness of environmental and social issues in a local perspective. Another implication which is drawn from Figure 3 is that companies including any international partnership have leaded sustainability awareness by publishing sustainability reports since 2004. When it comes to 2014, the explicit increase in the share of pure local companies with sustainability reports might be the result of the culture created by international companies.

4. CONCLUSIONS

This analysis reveals that sustainability reporting between 2004 and 2014 of Fortune 250 of Turkey, in order to that the sustainability reports on their websites has been searched. This analysis is the first study in order to understand the practices of sustainability reporting in Turkey as no other study is conducted to discover changing trends within the country. Interesting results of the study can be interpreted as follows;

- The analysis of Fortune 250 companies of Turkey between 2004-2014 has shown that, compared with 2004, reporting on environmental and social issues has increased significantly.
- During this period, it can be seen that the share of heavy industry manufacturing and local companies with sustainability reports increased in a considerable amount.
- Moreover, the capital structure of the companies with sustainability reporting has changed between 2004 to 2014, this can be interpreted that the sustainability reporting culture spread out by international companies to local companies.

A study covering Global Fortune 250 companies' comparison is suggested for the further studies.

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