

INVESTIGATING THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE IN TURKEY

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Abstract: This paper examined the relationship between corporate social responsibility and firm financial performance in Borsa Istanbul 100 index companies between the years 2010 and 2012. In order to test our hypothesis that the companies issuing corporate social responsibility reports have higher performance in terms of financial accounting ratios, we applied a logistic regression analysis. Corporate social responsibility was used as the dependent variable and financial performance measures, firm size, firm risk, and type of ownership as independent variables. We found that there was a significant relationship between company size and corporate social responsibility. We were not able to find any significant relationship between financial performance, risk, type of ownership and corporate social responsibility.

Key Words: Corporate Social Responsibility, Sustainability Reporting, Financial Performance

TÜRKİYE'DE KURUMSAL SOSYAL SORUMLULUK VE FİNANSAL PERFORMANS ARASINDAKİ İLİŞKİNİN ARAŞTIRILMASI

Özet: Bu çalışmada, kurumsal sosyal sorumluluk ile finansal performans arasındaki ilişki Borsa İstanbul 100 endeksinde yer alan şirketlerin 2010-2012 yılları arasındaki verileri esas alınarak incelenmiştir. Kurumsal sosyal sorumluluk raporu yayınlayan şirketlerin finansal muhasebe oranları açısından daha yüksek performansa sahip olduğu hipotezini test etmek amacıyla lojistik regresyon analizi uygulanmıştır. Kurumsal sosyal sorumluluk bağımlı değişken, finansal performans oranları, firma büyüklüğü, firma riski ve ortaklık yapısı bağımsız değişken olarak kullanılmıştır. Şirket büyüklüğü ile kurumsal sosyal sorumluluk arasında anlamlı bir ilişki bulunmuş ancak finansal performans, risk, ortaklık yapısı ile kurumsal sosyal sorumluluk arasında herhangi bir anlamlı ilişki bulunamamıştır.

Anahtar Kelimeler: Kurumsal Sosyal Sorumluluk, Sürdürülebilirlik Raporlaması, Finansal Performans

I. Introduction

At the intersection of global warming and high competition, sustainable operations have become a survival tool for firms and sustainability has become an important strategy for industries to compete globally. The concept of sustainable development first came into the agenda by Brundtland Report

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(WCED, 1987). In this report sustainable development was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Sustainability is all about the organizations’ present actions’ impact on the ecosystems, societies, and environments of the future and trying to build a proper balance between economic, social and ecological aims. Businesses must create values for their stakeholders while simultaneously fulfilling their social and environmental responsibilities in order to make a sustainable world. Corporate sustainability aims to meet and balance the needs of current and future stakeholders by using the best business practices (Artiach et al., 2010: 31). Corporate sustainability comprises activities relating to corporate social responsibility (CSR) and environmental management systems. CSR is defined as an organizations balancing its operations’ economic, environmental, and social impacts and addressing the expectations of its stakeholders and society-at-large (Vitezić et al., 2012: 40). Companies that have a CSR commitment try to improve working conditions, labor practices, and make investments on behalf of the society and environment. Consequently, companies experience increased productivity, reduced error rates and show good citizenship as well. Despite the fact that these practices are costly, they generate cash flows and a reputation that covers the associated costs. Corporate social responsible firms have fewer risks of negative social events, bribery, paying fines for pollution and negative advertisement which cause damage to the reputation of the company and costs much to it as well.

Different terms of CSR, such as corporate responsibility, corporate citizenship, corporate sustainability, triple bottom line, corporate accountability and corporate social performance have been used in the literature. In this paper, the concepts of “sustainability practices”, “sustainability reporting” and “CSR” were used synonymously and issuing CSR (sustainability) reports were accepted as the indication of integration of environmental and social management within business processes. CSR reporting is a tool for demonstration of good citizenship and increase the reputation of the firms, and this eventually leads to the increase in revenue and profitability. However, CSR reporting is not mandatory and it is practiced on a voluntary basis in most of the countries. Therefore, it can be questioned if CSR reporting practices increase the profits of the firm; if there is a positive relation between a firm’s CSR and financial performance; and if not why companies should invest in it. Sustainability practices are optional and it is a question begging for an answer; why do some companies invest in it and while the others do not? Does it pay to be green or good? All these questions have been investigated and tried to be answered by the researchers.

Issues related with CSR greatly attracted the attention of academicians and managers and the relationship between CSR and firm financial performance was empirically examined by several authors with different measurement

methods in last few decades. In recent years in Turkey companies are making their CSR disclosures according to GRI (Global Reporting Initiative) and the UNGC (United Nations Global Compact) guidelines in the name of sustainability reports, and CSR reports as well. This study builds upon the idea that there may exist a relationship between firm size, profitability, risk level, ownership type and CSR in Turkey. In our analysis, the corporations in question were listed in Borsa Istanbul 100 index (BIST), in the first quarter of 2013, and their performances are measured between 2010 and 2012, covering the total of three years. In order to examine the relationship, the companies in the list that issue sustainability reports according to GRI and UNGC and as a control group the companies not issuing sustainability reports were taken. Accounting measures; return on assets (ROA), return on equity (ROE), and return on sales (ROS) were used to evaluate the financial performance of each company. In order to analyze the relationship, the logistic regression analysis was used.

The reminder of the paper is organized as follows: In the first section, a brief description of CSR is given. Section 2 provides the relevant literature review. Section 3 explains the sample selection, variable measurement and the methodology applied. The results of the empirical research are presented and analysed in Section 4. Finally, the paper ends with a summary of the overall findings and recommendations for future research on this subject.

II. Corporate Social Responsibility (CSR)

CSR is a broad concept and based on the idea that businesses have obligations including economic, environmental, and social responsibilities to their stakeholders. Freeman (1984) defined stakeholders as any group or entity in the organizations environment that impacts or are impacted by the organization. CSR is all about doing the right thing and interested in how businesses become profitable. Carroll (1979) classified CSR into four classes: economic responsibility to investors and consumers, legal responsibility to the government, ethical responsibility to society, and discretionary responsibility to the community. The World Business Council for Sustainable Development, defined CSR as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large (WBCSD, 1999). McWilliams and Siegel (2001) described CSR as “actions that appear to further some social good, beyond the interest of the firm and that is required by law”. The concept of CSR is often used interchangeably with concepts such as sustainable development, corporate citizenship, corporate sustainability, triple-bottom line, corporate social performance, corporate ethics, and corporate governance (Vitezić et al., 2012: 40-41). In order to manage financial risk, reputation risk, and environmental risk and supply chain risk, CSR is an appropriate risk management tool (McPeak and Dai, 2011: 49).

CSR provides many benefits to companies (Skare and Golja, 2011: 1530; Vitezić et al., 2012: 42; Brine et al., 2007: 50):

- Increase in sales and market share
- Strengthen the company's brand and corporate image
- Strengthen the capacity to attract and retain talented employees
- Cost reduction
- Attract investors and improved access to capital
- Competitive advantage (by differentiating its products, reducing its exposure to risk)
- Risk management
- Improved customer loyalty

CSR reporting began in the 1880s with social performance reporting and in the 1990s, it was extended to triple bottom line reporting which included economic, environmental, and social performance reporting (Chiong, 2010: 130). CSR reports are sources of secondary data showing the companies' intentions, strategies and activities, as well as the results of corporate social and environmental responsibility. These reports show an organization's attitudes toward social and environmental responsibility, and the level of integration of these responsibilities to the organization's business strategic plans (Tate et al., 2010: 20).

CSR commitment may be related to the performance of companies. Financial performance may affect a company's social and environmental policy and actions. On the contrary, less profitable companies may have less intent to undertake socially and environmentally responsible actions (McGuire et al., 1988: 857).

III. Literature Review

In order to understand the relationship between CSR and financial performance, there have been numerous studies which have measured the statistical association between CSR and financial performance. All these studies have tried to answer the same question "Is there a relationship between CSR and financial performance?". But these studies have chosen different ways to measure CSR, such as annual report disclosure, reputational index, and different ways to measure financial performance like accounting-based measures and/or market based measures. Studies have also been based on different time horizons and different industries.

The studies on the relationship between CSR and financial performance have provided conflicting results. In these studies, researchers have hypothesized that there is a negative, positive or neutral association between a firm's CSR and its financial performance (Artiach et al., 2010: 32-33; Nilipour and Nilipour, 2012: 1085; Tsoutsoura, 2004: 12; McGuire et al., 1988: 855): The perspective that "there is a negative association between CSR and financial performance" is based on the idea that investment in CSR is costly. Investing in

CSR involves additional costs such as improved employee conditions, adoption of environmentally friendly practices, charitable donations etc. and put firms at an economic disadvantage compared to less socially responsible firms. The second perspective that “there is no direct association between CSR and financial performance” is based on the idea that relationship between CSR and financial performance is complex and there are so many variables that intervene and there is insufficient theoretical support to expect a direct relationship between CSR and financial performance. Third perspective that there is positive relation with CSR and financial performance is based on three views: First, researchers argue that financial benefits exceed the costs of investment for CSR. Because the investment for CSR involves benefits such as enhanced employee morale, goodwill, improved relations with investors, and government. Second, CSR investment generates positive financial benefits by managing stakeholders. Third, firms investing in CSR have superior resources.

Since 1970s, researchers have been investigating the empirical link between CSR and financial performance of the firm. A positive link between social and financial performance would legitimize corporate social performance on economic grounds. And the firms, despite the additional cost attached to the CSR engagement, pursue the “good”, in order to enhance their bottom line (Margolis et al., 2009: 4).

Bragdon and Marlin (1972), Bowman and Haire (1975), and Parket and Eilbirt (1975), Cochran and Wood (1984), Pava and Krausz (1996), Waddock and Graves (1997) found generally positive associations between CSR and accounting-based measures of performance. Stanwick and Stanwick (1998) empirically tested the data from 1987 to 1992 and found that a firm’s corporate social performance was impacted by the size of the firm and the level of profitability of the firm. McWilliams and Siegel (2000) discussed the correlation between CSR and R&D in order to estimate the impact of CSR on financial performance and concluded that there was no evidence of a significant association between CSR and financial performance. Tsoutsoura (2004), used ROA, ROE and ROS for measuring a firm’s financial performance and found positive relationship between CSR and the firm’s financial performance. Fauzi et al. (2007) examined the relationship of CSR to financial performance and whether the firm size or industry affected the relationships between CSR and financial performance. They didn’t find any significant relationship between CSR and financial performance, but on the other hand, found that company size had a significant positive moderating effect on the relationship between CSR and financial performance. Peters and Mullen (2009) used time series data to empirically analyze the cumulative effects of CSR on future firms’ financial performance. Their analyses provide evidence that time-based, cumulative effects of CSR on firms’ financial performance are positive and are strengthened overtime. Artiach et al. (2010) investigated the firm specific factors associated with high corporate sustainability performance. They made

univariate comparisons of the financial characteristics of the leading CSR and conventional firms. They found that leading CSR firms were significantly larger, had higher levels of growth and higher ROE than conventional firms but they did not have greater free cash flows or lower leverage than other firms. Andersen and Dejoy (2011) examined CSR and financial performance relationship by using factorial analysis of variance, controlling the variables; size, industry, risk, and research and development expenditures. Their results support the positive relationship between CSR and financial performance. Ameer and Othman (2012) tested that companies dealing with sustainable practices had higher financial performance compared to those that did not engage in such practices. They found significant higher mean sales growth, ROA, profit before taxation, and cash flows from operations in some activity sectors of the sample companies compared to control companies over the period of 2006-2010. Uadiale and Fagbemi (2012) examined the impact of CSR activities on financial performance of companies in Nigeria with ROE, ROA. According to their results CSR had a positive and significant relationship with financial performance measures. Nilipour and Nilipour (2012) found no association between financial performance and corporate sustainability performance in the cement companies accepted at Tehran Stock Exchange between 2007 and 2011.

The meta-analysis carried out in order to investigate the relationship between CSR and financial performance is as follows: Orlitzky et al. (2003) presented the first meta-analysis of the empirical evidence on the impact of CSR on firm financial performance. Orlitzky et al., conducted a meta-analysis of 52 studies and reported that CSR appeared to be more highly correlated with accounting-based measures of financial performance than with market based indicators. Wu (2006) conducted a meta-analysis of 121 empirical studies and investigated whether CSR was related to financial performance, firm size was related to financial performance, and firm size was related to CSR. Their major findings were: (1) the relationship between firm size and social performance was positive. (2) market-based measures were weaker predictors of CSR than other financial measures. (3) Perceptually based measures have reported a stronger CSR and financial performance relationship than performance based measures. Margolis et al. (2009) made a comprehensive review of researches about the empirical link between CSR and financial performance from 1972 to 2007. They conducted a meta-analysis of 251 studies and stated that the overall effect was positive but small and results for the 106 studies from the past decade were even smaller.

Most of the studies that try to explore the nature of the relationship between CSR and financial performance are based on developed economies and very few have been done in the perspective of developing economies ignoring the fact that social issues and societal problems are more common in these

economies. As a developing country in Turkey, the studies that try to investigate the relationship between CSR and financial performance are:

Aras et al. (2010) investigated the relationship between CSR and firm financial performance in Istanbul Stock Exchange 100 index companies between the years 2005 and 2007. They found a relationship between firm size and CSR. But they didn't find any significant relationship between CSR and financial performance/profitability. Poroy Arsoy et al. (2012) investigated corporate social performance and financial performance relationship for 28 firms listed in Istanbul Stock Exchange Corporate Governance Index with accounting-based performance measures. Their results support CSR causes better financial performance. Alparslan and Aygün (2013) investigated the relationship between CSR and firm performance, using ROE and Tobin's q and analyzed with regression and correlation analysis covering the years 2009-2010. They took charities and donations from firms as indicators of CSR and found a positive relationship between CSR and firm performance.

IV. Sample, Data and Measures

This paper seeks to contribute to the existing body of work in this area by examining the extent to which CSR contributes to financial performance in the Turkey context. In order to test the relationship between CSR and financial performance, the companies that have adopted CSR have to be identified. Because there is no sustainability and CSR index in Turkey, companies that issue CSR reports (or sustainability reports) are treated as having adopted CSR.

The sample frame for this study is the top 100 firms on the BIST list in the first quarter of 2013. The companies were chosen because they cover a wide range of industrial activities and a sizable portion of Turkey economic output. A total of 81 companies continued to remain in our sample after financial service firms and sport service firms were eliminated because of their financial reports varied from the sample. Companies that prepare CSR reports (according to GRI and UNGC) are treated as a CSR firm. 25% of the companies reported on CSR reports and 75% of the companies sampled did not publish CSR reports.

The three-year sample period covered in the analysis is from 2010 to 2012. Firm size, return on assets (ROA), return on equity (ROE), asset age, and return on sales (ROS) are the firm performance measures frequently used by prior studies. Majority of empirical studies investigated the impact of CSR on firm performance mostly using accounting-based performance measures (Mishra and Suar, 2010: 574; Lee and Pati, 2012: 83). Orlitzky et al. (2003) stated that CSR and financial performance are more strongly pronounced for the accounting-based performance measures. Accounting-based indicators capture firm's internal efficiency. Accounting returns are subject to managers' discretionary allocations of funds to different projects and policy choices, and reflect internal decision-making capabilities and managerial performance rather than market responses to organizational actions (Orlitzky et al., 2003: 408;

Vitezic et al., 2012: 43). In our study, firm financial performance is measured by accounting variables. Accounting measures are calculated based on the firms' financial reports. The financial reports of the firms were collected from the web site "www.kap.gov.tr". The financial performance measures used are ROA, ROE, and ROS. ROA represents the amount of earnings (before interest and tax) a company can achieve for each dollar of assets it controls and is a good indicator of a firm's profitability. ROE measures how well a company uses reinvested earnings to generate additional earnings, giving a general indication of the company's efficiency. ROS is equal to a firm's pre-tax income divided by total sales, measuring a firm's profit per dollar of sales. Previous studies have used firm size and risk as control variables. As a proxy for size previous studies used total sales, total assets and number of employees. We used a log of total firm assets (ln SIZE) as a measure of firm size. Waddock and Graves (1997) argued that total assets were the "money machine" to generate sales and income. Also large firms have a better access to resources than smaller firms so that the 'size' of the firm is considered an enabler of CSR. Therefore, the size of the firm is relevant and should be included in any model of CSR and financial performance (Peters and Mullen, 2009: 6; Fauzi et al., 2007: 154). In this study, in order to measure risk, total debts to total assets ratio has been used as proxy to control for the riskiness of the firm. The level of debt in the firm's capital structure provides a measure of the relative importance of the firm's financial stakeholders. The type of ownership structure (i.e. foreign and domestic) is used to control the differences in ownership structure and issuing CSR report.

This study conducts the analyses based on the assumption that there may be a relationship between profitability, firm size, firm risk, ownership type and CSR. The hypotheses are:

H1: Issuing CSR report results in better financial performance in terms of ROE, ROA and ROS

H2: Size of the company affects issuing CSR report

H3: Leverage and issuing CSR report are negatively related

In order to test our hypothesis, we used independent sample t test and also employed logistic regression analysis. In the analyses, CSR was used as the dependent variable and financial performance as indicated by ROE, ROA, ROS and firm size, firm risk and ownership type were used as independent variables.

V. Findings

According to the variables used, the descriptive statistics of the firms that issue (1) and not issue (0) CSR reports are shown in Table 1.

Table 1: Descriptive Statistics

Variable	Mean	Standard Deviation	Min.	Max.	Skew.	Kurt.
CSR = 0 (n=183)						
ROA	0.080	0.109	-0.277	0.528	1.138	3.738
ROE	0.141	0.224	-1.207	0.768	-1.006	7.260
ROS	0.228	0.801	-2.522	9.358	8.353	94.552
lnSIZE	21.038	1.355	18.177	25.890	0.741	0.867
RISK	0.465	0.202	0.013	0.906	-0.308	-0.615
CSR = 1 (n=60)						
ROA	0.048	0.065	-0.183	0.154	-1.230	2.881
ROE	0.188	0.525	-0.551	3.919	6.274	44.742
ROS	0.062	0.240	-1.176	1.153	-0.565	18.589
lnSIZE	21.980	1.489	17.676	25.415	-0.525	1.989
RISK	0.545	0.259	0.025	1.290	-0.150	0.283

In order to investigate the fact that firms issuing CSR reports differed in terms of ROA, ROE, ROS, lnSIZE (H1 and H2) and RISK (H3) independent two sample t test was performed. According to the results, shown in Table 2, there was only a statistically significant difference found in terms of the variable lnSIZE (size of the firm).

Table 2: Two Sample t test Results

Variable	CSR=1(n=60)		CSR=0 (n=183)		t stat.	p
	Mean	Standard Deviation	Mean	Standard Deviation		
ROA	0.048	0.065	0.080	0.109	1.478	0.144
ROE	0.188	0.525	0.141	0.224	-0.984	0.326
ROS	0.062	0.240	0.228	0.801	1.583	0.115
lnSIZE	21.980	1.489	21.038	1.355	-4.558	0.000*
RISK	0.545	0.259	0.465	0.202	-1.488	0.141

*Statistically significant at 1 percent level

The relationship between whether a firm issued a CSR report and whether it had a foreign ownership was investigated by a chi-square test. We give value one if it is a foreign ownership and zero if otherwise. Based on the findings, it turned out that there was no significant relationship between issuing a CSR report and having a foreign ownership. (Chi-square: 0.367, p: 0.544) Although the univariate analysis gives some useful insights, the logistic regression results facilitate the assessment of the incremental contribution of each variable in the CSR disclosure decision.

Since the dependent variable is binary, we apply logistic regression analysis and the logit model we have used is as shown below:

$$Prob(CSR) = \beta_0 + \beta_1 Profitability + \beta_2 ROS + \beta_3 \ln SIZE + \beta_4 RISK + \beta_5 OWN + \beta_6 DUMMY1 + \beta_7 DUMMY2 + \varepsilon \quad (1)$$

The dependent variable of the analysis is CSR which is equal to 1 if companies issuing CSR reports and 0 otherwise. The profitability ratios (ROA&ROE) are used separately to determine a company's financial performance. Two models are used and ROA is used as a profitability ratio in the first model and ROE is used as a profitability ratio in the second model. In addition to ROA and ROE, ROS, lnSIZE, RISK and OWN variables are added as an independent variable for both of the models. In order to measure year effects, we also added two dummy variables in both of the models. The results of the analysis are shown in Table 3 and 4.

Table 3: Logistic Regression Analysis
(Hosmer-Lemeshow=6.163 p=0.629) (Model I)

Variable	Coefficient	Standard Error	p	Odds Ratio
Intercept	-11.726	2.613	0.000**	0.000
ROA	-3.028	2.224	0.173	0.048
ROS	-0.789	0.577	0.172	0.454
lnSIZE	0.534	0.130	0.000**	1.705
RISK	-0.522	0.920	0.571	0.594
OWN	-0.404	0.345	0.241	0.668
DUMMY1	-0.106	0.388	0.784	0.899
DUMMY2	0.048	0.392	0.903	1.049

*Multicollinearity is not found between ROA and ROS (VIF=0.94)

** Statistically significant at 1 percent level

***Reference category is 2010 for dummy variables

Table 4: Logistic Regression Analysis
(Hosmer-Lemeshow=11.215; p=0.190) (Model II)

Variable	Coefficient	Standard Error	p	Odds Ratio
Intercept	-11.666	2.603	0.000**	0.000
ROE	0.340	0.557	0.542	1.405
ROS	-1.222	0.603	0.055	0.295
lnSIZE	0.517	0.128	0.000**	1.677
RISK	-0.268	0.896	0.765	0.765
OWN	-0.338	0.342	0.323	0.713
DUMMY1	-0.150	0.388	0.700	0.861
DUMMY2	0.001	0.390	0.998	1.001

* Multicollinearity is not found between ROE and ROS (VIF=0.92)

**Statistically significant at 1 percent level

***Reference category is 2010 for dummy variables

Based on the analysis, we only found a relationship between firm size and CSR, but we were not able to find any significant relationship between financial performance, risk, type of ownership and CSR. The *lnSIZE* variable affects the CSR reporting nearly twice. Nowadays in Turkey, most of the companies engage in sustainable practices more or less such as giving donations, safe working conditions and developing recycling programs etc. in order to gain reputation. However, only large firms do these practices mostly more comprehensively and secular, and report their performance on sustainability issues. The firms issuing CSR reports are rather limited in Turkey. We can say that large scale firms tend to issue CSR reports more than relatively small scale firms. In other words, leading CSR firms are significantly larger. Studies that investigate the relationship between CSR and financial performance have some conflicting results. Ullmann (1985) suggested that conflicting results might stem from differences in research methodologies and measures of financial performance. Also economic and politic factors of the country can affect the results. This may be the results of economic and politic factors of the country or the methodologies applied or the measures used. We were not able to find a significant relationship between CSR and firm financial performance. Our findings are in parallel with the findings of Stanwick and Stanwick (1998), Wu (2006) and Artiach et al. (2010). They also found a positive relationship between firm size and social performance. And in the studies of Aras et al. (2010), which were also based on a Turkey case, found a relationship between firm size and CSR. Likewise, they didn't find any significant relationship between CSR and financial performance/profitability.

VI. Conclusion

Companies have started to focus on their social and environmental performance as well as financial performance. And many companies have started to report their performance and acting on social and environmental issues in CSR reports in order to respond to the stakeholders' expectations, gain reputation, increase sales and profits. There is a growing concern among academics and practitioners if CSR reporting practices increase the profits of the firm, if there is a positive relation between a firm's CSR and financial performance. Sustainability practices and sustainability reporting (CSR reporting) are optional and it is not clear why some companies invest in it and the others do not. All these questions have been investigated and tried to be answered by researchers. The relationship between CSR and firm's financial performance has been empirically examined by several authors with different measurement methods. Previous studies have shown mixed results for the CSR and financial performance relationship. While some studies have revealed a positive relation, some have indicated a negative relation and others have found no relation between CSR and financial performance. In this paper, the impact of the corporation's socially responsible behavior on its financial performance in

Turkey was examined. We used the existence of the CSR (sustainability) reports as an indicator of CSR activity. In Turkey, the number of firms that issue CSR reports are rather limited. The sample consisted of companies that were representative of the country, sector, and size. 25% of the companies published a report on their environmental, social or sustainability performance, which can be argued to be indicative of a willingness of companies to present their environmental, social or sustainability performance to their stakeholders. In our study, no significant relationship was found between CSR and financial performance. We were only able to find a significant relationship between firm size and CSR. Size of the company increases the possibility of acting socially and environmentally responsible. And large companies have more willingness to issue their social and environmental acting and performance. We were not able to find any significant relationship between CSR and financial performance.

Nowadays in Turkey, most of the companies engage in sustainable practices to lesser or greater extent such as giving donations, safety working conditions and developing recycling programs etc. in order to gain reputation, increase sales and meet stakeholder expectations. But only large firms do these practices on a broader scale and in a secular way, and report their performance on sustainability issues. We can conclude that leading CSR firms are significantly larger.

The size of the sample is one of the limitations of the study. This research can be extended by including other developing countries and by adding market performance variables.

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