



Lüleburgaz Vocational School, Kırklareli University in collaboration with De Montfort University, Centre for Research into Organisational Governance

5TH ORGANIZATIONAL GOVERNANCE CONFERENCE

14TH INTERNATIONAL CONFERENCE ON SOCIAL RESPONSIBILITY

Ways of Realizing the High Quality Sustainable CSR and CG Dream

9-12 September 2015

RAMADA HOTEL, Tekirdağ - TURKEY

with contributions of

LÜLEBURGAZ MUNICIPALITY

and ÖZGÜN COLOR



IFFET KESIMLI, PhD., CONFERENCE CHAIR,
LÜLEBURGAZ VOCATIONAL SCHOOL, KIRKLARELI
UNIVERSITY

PROFESSOR DAVID CROWTHER, CHAIR SCIENTIFIC
COMMITTEE,
DE MONTFORT UNIVERSITY, LEICESTER, CENTRE FOR
RESEARCH INTO ORGANIZATIONAL GOVERNANCE

ORGANIZERS

Lüleburgaz Vocational School, Kırklareli University

Social Responsibility Research Network (SRRNet)

Centre for Research into Organisational Governance De

Montfort University

Editor: Iffet Kesimli

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Professor David Crowther, PhD. — Chair of Scientific Committee

Professor Kıymet Çalıyurt, PhD. — SRRNet Chair of Conference Serial

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Mehtap Ağırgan, Lecturer, Lüleburgaz Vocational School

Özkan Sarısoy, PhD. fellow, Lecturer, Muratlı Vocational School

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KEYNOTES

Professor David Crowther, PhD.

Technology and Sustainability: The Human Element

Emin Halebak, Mayor of Lüleburgaz Municipality

Governance & Social Responsibility: Lüleburgaz Municipality

Mehmet Işık

CSR Examples from Business World

CONFERENCE PROGRAM

09.09.2015 Wednesday

15:30 - 16:15	Registration	
16:15 - 16:30	Opening Ceremony	
16:30 - 16:40	Photograph Exhibition, "Vanishing Craft of Pewtersmith" by Eren Görgülü	
16:40 - 17:40	Workshop	
	Prof. David Crowther	How to Publish in International Journal
19:00 - 21:30	Cocktail	
10.09.2015 Thursday		
09:00 - 09:40	I. Session	Chair: Prof. David Crowther
CSRF02	Linne Marie Lauesen, PhD. Vand & Affald, Svendborg, Denmark	Ethnography as Method to Study Corporate Social Responsibility: an Auto Ethnographic Essay
OGCF03	Mustafa Avcin Hasret Balcioglu Department of Business Administration Faculty of Economics and Administrative Sciences Cyprus International University	The Embeddedness of High Quality Sustainable Corporate Social Responsibility and Corporate Governance for better Company Performance
CSRF09	Abdul Moyeen Federation Business School, Federation University Australia, Ballarat, Australia	MNEs' CSR Efforts and Sustainable Development
09:40 - 10:25	Keynote Speech	Professor of Corporate Social Responsibility, De Montfort University, UK Professor, London School of Commerce, UK Chief Research Fellow, Lithuanian Institute of Agrarian Economics Editor, Social Responsibility Journal www.emeraldinsight.com/srj.htm Chair, Social Responsibility Research Network Editor, Emerald Book Series on Developments in Corporate Governance & Responsibility Director, Seifi Crowther Consulting www.seificrowther.com
Keynote	Prof. David Crowther	Technology and Sustainability: The Human Element
10:25 - 10:45	C o f f e e B r e a k & P o s t e r P r e s e n t a t i o n	
CSRF08	Özgül Birel Chemistry Department, Faculty of Science, Muğla Sıtkı Koçman University and Lüleburgaz Vocational School Hakan Duman Lüleburgaz Vocational School	The Relationship between Chemistry, Solar Cell and Social Responsibility
10:45 - 11:05	B o o k L a u n c h	
	Linne Marie Lauesen, PhD.	Sustainable Governance in Hybrid Organizations
11:05 - 12:25	II. Session	Chair: M Abu Naser
OGCF04	Burcu Demirel Utku, Assoc. Prof. Ibrahim Erol Akdeniz University, Turkey	Investigation of Integrated Reporting As a New Approach of Corporate Reporting
OGCF05	Burcu Demirel Utku, Assoc. Prof. Murat Erdoğan Akdeniz University, Turkey	Sustainability Reporting Under the Roof of Institutional Sustainability: Examination of the Firms That Are Included in the BIST Sustainability Index
OGCF01	Prof. David Crowther PhD. De Montfort University, United Kingdom Leicester Business School Shahla Seifi Seifi Crowther Consulting, United Kingdom	Managing With Depleted Resources
CSRF12	Seçil Deren van het Hof, Assoc. Prof. Sibel Hoştut, PhD. Akdeniz University, Turkey	CSR Communication in Turkey: an Analysis of Three Award-Winning Projects
12:25 - 13:25	L u n c h	
From the Chair	Prof. Dr. Kıymet Çalıyurt	
13:40 - 14:10	Keynote Speech	Mayor of Lüleburgaz Municipality
	Emin Halebak	Governance & Social Responsibility: Lüleburgaz Municipality
14:10 - 14:25	C o f f e e B r e a k	
14:25 - 15:35	III. Session	Chair: Khosro Jahdi
OGCA09	M Abu Naser London Metropolitan University London, United Kingdom Prof. David Crowther PhD. De Montfort University, United Kingdom Leicester Business School	Micro Finance and Women Empowerment
CSRF07	Kurnia Perdana PT Gunung Madu Plantations, Indonesia	How Managers Perceive Internal Corporate Social Responsibility? An Empirical Study of Indonesian Women Employment
OGCF06	Veysel Kula Ender Baykut Afyon Kocatepe University	Does Better Corporate Governance Rating Lead to Higher Market Value?: an Empirical Investigation of BIST XKURY Listed Companies
OGCF07	Hesam Abbasi Young Researchers and Elite Club, Sirjan Branch, Islamic Azad University, Sirjan, I.R. Iran Seyed Adel Heidari PhD student in Law, Islamic Azad University, Qeshm Branch, I.R. Iran	The Effect of Organizational Supports on Job Performance in Construction Projects
15:35 - 17:15	V i s i t t o R á k ó c z i M u s e u m	

11.09.2015 Friday		
09:00 - 10:15	IV. Session	Chair: Linne Marie Lauesen
CSRA03	Idil Ander Dede Volkan Yıldız Burcin Hatipoglu Boğaziçi University, Turkey	Corporate Social Responsibilities of MNCs in a Developing Country: What Happens When There is a Local Partner in the Form of a Joint Venture?
OGCA01	Dr. Miriam Green ICON College of Technology and Management London, United Kingdom	Neoliberalism: a form of dystopia? Implications for social responsibility and governance
CSRF14	Aslan Tolga ÖCAL Marmara University, Labor Economics and Industrial Relations Department, Turkey Işıl KARATUNA Lüleburgaz Vocational School	Corporate Social Responsibility Practices in Turkey: A Study of the Top 20 Profitable Companies
10:15 - 10:35	Coffee Break &	Poster Presentation
CSRF10	Selmi Abdeldjabar Tlemcen Preparatory School of Economics and Management, Algeria Bezzaouya Abdelhakim University Centre Relizane, Algeria	The governance Mechanism in Higher Education Institutions
10:35 - 12:00	V. Session	Chair: Işıl Karatuna
OGCA06	Ana GARGALLO-CASTEL Department of Business Administration Luisa ESTEBAN-SALVADOR Department of Accounting and Finance Javier PÉREZ-SANZ Department of Business Administration University of Zaragoza, Spain	CSR and innovation: A theoretical review
OGCA05	Luisa ESTEBAN-SALVADOR Department of Accounting and Finance Ana GARGALLO-CASTEL Javier PÉREZ-SANZ Department of Business Administration University of Zaragoza, Spain	Corporate Governance in Small Medium Enterprises in Spain (SMEs): an analysis of gender diversity
CSRA09	Dr. Khosro S Jahdi Bradford College, Bradford, United Kingdom	Corporate Social Responsibility (CSR) and Public Relations (PR)
CSRF11	Akbar Hassanpoor, Asst. Prof. Faculty of Management, Kharazmi University, Tehran, Iran Tayebeh Abbasi, Asst. Prof. Faculty of Management, Tehran University, Tehran, Iran	Social Productivity of Public Services and Main Actors; the Important Responsibility for Public Sector
12:00 - 13:00	Lunch	
13:00 - 13:30	Keynote Speech	Deputy General Manager - Arete Consulting
Keynote	Mehmet Işık	CSR Examples from Business World
13:35 - 14:40	VI. Session	Chair: Prof. Dr. Zeki Parlak, Marmara University
OGCA10	Aydem Çiftçioğlu Uludağ University, Turkey	Ethical Codes and Sustainability in Turkey
CSRF13	Raheleh Cheragh Alizadeh Department of Civil Engineering, Romina Cheragh Alizadeh Department of Business Administration Eastern Mediterranean University, Famagusta, Cyprus	The Effect of Organizational Supports on Job Performance in Construction Projects
CSRF05	Aroosha Butt Beenish Niazi Sania Batool FAST School of Management (NUCES), Islamabad, Pakistan	Types of Corporate Social Responsibility Practices across the Industry in Pakistan and their Effectiveness
14:40 - 14:55	Coffee Break	
15:15 - 16:30	VII. Session	Chair: Miriam Green
CSRF01	Lucely Vargas, PhD. Johannes Kepler University, Austria Lina Gomez, Assist. Prof. Universidad del Este, Puerto Rico	Measuring CSR Performance: an Approach to Evaluate Colombian Companies
OGCF08	Erkan Bil Gökçeada Vocational School, Çanakkale Onsekiz Mart University Gülşay Keskin Trakya University Aferina Skeja Trakya University	CORPORATE SUSTAINABILITY INDEXES: FTSE4GOOD INDEX REPORT ON NESTLÉ
CSRA14	Elena Bundaleska University American College, Macedonia Skopje Ilijana Petrovska University American College, Macedonia Skopje Dr. Khosro S Jahdi Bradford College, Bradford, United Kingdom	Corporate Social Responsibility Communication Through Corporate Websites: a Comparative Analysis of Leading Companies in the United Kingdom and Macedonia
16:30 - 16:45	Shooting the Conference Photograph	
16:45 - 17:15	PUBLICATION OPPORTUNITIES	
19:00 - 21:00	GALA DINNER	
12.09.2015	SOCIAL PROGRAM	

MAIN THEMES OF THE CONFERENCE

- Corporate Social Responsibility vs. Public Relations
- Corporate Social Responsibility vs. Advertising
- Sustainable Corporate Social Responsibility
- Sustainable Organizational Governance
- CSR and Employee Engagement
- CSR, Corporate Governance and Integrated Reporting
- Organizational Governance and Firm CSR/Sustainability Values
- CSR/Sustainability Regulation and Organizational Governance
- Organizational Governance and CSR/Sustainability Reporting Quality
- Organizational Governance Mechanisms and CSR/Sustainability
- Organizational Governance and Business Ethics
- Organizational Governance in a Sustainable Market
- Organizational Governance and Sustainable Risk Management
- Organizational Governance and Sustainable Supply Chain
- Organizational Governance and Firms Sustainability
- Organizational Governance and Corporate Social Responsibility
- Organizational Governance and Stakeholders
- Theoretical perspectives on Organizational Governance
- Governance as a Macroeconomic issue
- Regulatory Failures and Organizational Governance
- Social Responsibility and Community issues
- Organizational Governance in the Public Sector/ NGO sector
- Audit and Organizational Governance
- Auditor Responsibility and CSR
- Models of Organizational Governance.

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ACCEPTED PAPERS

Ethnography as method to study corporate social responsibility: an autoethnographic essay, Linne Marie Lauesen, Ph.D., Vand & Affald, Svendborg, Denmark

This paper is an essay of how I conducted an autoethnographic study on corporate social responsibility in the Danish water sector from 2011 to 2013 for my Ph.D thesis. It is not a paper revealing a how-to-do ethnography, is more an essay of experience when I did an autoethnographic study during three years (see also Doloriert and Sambrook, 2012).

Traditionally, ethnography as method is a cover-term for conducting observations of the people one wants to study and making interviews with them. These people are typically organised in any relationships – work, family, leisure, political, religious and similar organizations or communities. Besides interviews and observation studies, ethnographic studies often count document studies as well, which besides texts also involves many other communication forms such as radio broadcasting, videos, films, documentaries, the Internet and especially the social media, are now regarded at vital part of the new ethnographic toolbox.

However, in my case, the challenge was not a question of not having enough tools to conduct my ethnographic study of corporate social responsibility in the Danish water sector – it was about how to study my own organisation (workplace), my colleagues, chiefs, and director, and my network in the Danish water sector in being an *insider*. In other words – I was, and still am, a *native* to the field of my study.

The problem of being a native

Most ethnographic methodology literature recommends the researcher *not* to *go-native*. This means that the researcher in order to stay objective towards the study, she conducts, should not get too involved in the practices going on among those, she studies. The argument is that when the researcher becomes too involved in the field of the researched, she may not be able to “see” and objectively report on what she experiences (e.g. Silverman, 2001). If she becomes a part of the experienced, a part of the researched, how can any such reporting be trustworthy? These scholars argue that the research is then biased; the analytical “eye” of the researcher becomes blurred; and it becomes impossible for the researcher to ask relevant and trustworthy questions, because what the field does is no longer new to the researcher: it is becoming a part of the researcher’s internal life as well. In other words, the classical ethnographer must be objective, keep a sound distance to the field, she enters, and report objectively about the “truth”, she discovers.

The problem is that this positivistic viewpoint – or let us call it a *myth* - has survived since ancient anthropologists and ethnographers travelled to exotic places to study the culture of natives in areas of the world never explored before. The only academically correct way to make ethnography was from an omnipotent objectivist-scientific (positivistic) viewpoint. However, for a contemporary ethnographer, it is vital to understand the role of oneself as researcher. The way, that you as researcher interact with the people, you want to study; what your entrance in their organisation or

community does to them; and especially to be critical not only to the research field, but to yourself and your role in this (new) setting. It is also vital to consider ones scientific philosophical starting point, and if this is objectivist or positivistic, consider whether ethnography is what you want to do.

For me, I had in the beginning decided to study the water sector from a scientific philosophical position of social constructivism. The idea behind social constructivism reaching back to Immanuel Kant's philosophy from the 18th Century is that the reality we live in is a reflection of our human recognition (Collin, 2009, p. 14). Men can only interpret causal properties derived from the laws of nature. Kant says that man with the knowledge constitutes reality as a phenomenon the world, and we have no access to the world "in itself" (Collin, 2009, p. 14). According to constructivists, the world is *constructed* by human interpretation (Collin, 2009, p. 25) and even human intervention (p. 112). I will not go deeper into the philosophy of social constructivism but only say that what struggled me most about the perspective was its lack of acceptance of any ontological approach. It is anti-positivistic, and tends to regard the world as human constructions and interpretations, and have no obvious interest in the parts of the world that humans do not control or understand entirely through these constructions, for instance the natural world. Although natural scientists would never claim that Nature is without human intervention, the deontological stance of social constructivists leave out almost all research in natural sciences except from philosophers of science, technology, and society (STS).

However, the focus of STS is not to reveal anything about the essence of Nature; it is more to research how human intervention impacts Nature and vice versa (Collin, 2009, pp. 75-77). Later, when writing my Ph.D. thesis, I realized with a help from a professor, that I was not entirely consistent to the social constructivism – even the moderate version of it such as the STS approach: I was rather reporting on a study, which had clear scientific theoretically point in line with *critical realism*. The philosophy of science of critical realism is also anti-positivistic like social constructivism. However, critical realism is distinctive in its realist ontology, which believes that reality exists independently of human knowledge of it based on Kant's *Critique of Pure Reason* (1781). Knowledge about reality is socially constructed and thereby fallible and impermanent coloured by non-neutral human reflections (Lauesen, 2014, p. 50). Based on this position, I felt comfortable in being a native studying my "own" organisation, my colleagues, and all the people, I knew from the field, because I had no longer a "truth" to be held up against.

My study was my study, and as long as I clearly expressed how I interpreted it and gave critical assessment of my interpretations, I felt conscious about being able to deliver a trustworthy product ultimately.

The fortune of being a native

Comparing to many student's struggles when they choose a field to investigate, one of the major problems of *getting access* to study an organisation or a community was of no further problem to me. I already knew most of the people and organisations, I wanted to interview and observe. During interview sessions, I did not struggle much to get interviewees to have

confidence in me as a researcher and to talk freely about their jobs and experiences. Although some of the more periphery interviewees gave me the “business-talk” in the beginning, they soon realized that my knowledge and understanding of whom they were and what they wanted to achieve with what they did soon let the veils down. They felt that I was no treat to them or their organisation although I did ask them critical questions also. An example from one of my interviews shows how this mechanism worked:

Linne: Let's talk about CSR in [your company] and the political influence of the company – first the external policy makers, the legislators, and regulators, and second, the internal politicians sitting on the board of your company, the board of the municipality, and your owners. What opportunities and barriers do you see in relation to the CSR work of [your company]?

Director: Let me begin explaining how [our company] was to become [our company] when the new Water Sector Act came - or was underway. [The director gave a long story about the background of the establishment of the company]. We would like to decide the best environmental investments ourselves. The municipality has a hard time with it - they do not have the same control over us anymore. But we are happy about the separation from the municipality - super happy. And we have a board consisting of two city council politicians, two professionals - one a professor of agriculture and a director from the company [X] - and two employee representatives. A fine board.

Linne: How does the council politicians on your board separate their work on your board from their interests in the city council?

Director: They are doing it super fine! Right from the start. They are so professional! They know that they represent us as a company; to hold our interests alone and not be city politicians in this context. But down at the city council, they are a little disappointed when our board members come and tell how we do what we want and so on. They do not fully understand that they cannot bring policy onto the board.

Linne: How does the new framework of the Water Sector Act come into play on the things you want with CSR?

Director: I'm not the one, who is whining. I absolutely love benchmarking. I think it's the right thing. I know that many of my director colleagues do not, but I am an optimist and I think that the things that do not really work right now, they will come to it. I know that we've spent a lot of money on afforestation, which we did not get a credit for - it does not bother me as much as the others. It'll come. So far we take it just as a CSR service. I believe that in time we are allowed to do all the environmental initiatives we will - it's just a matter of that right now there can only economists expect econometrics – the environment it will come later.

This interview with a director of a water company, began with the typical “let me explain you”-business-speech-approach. However, realizing that I was one of “them” knowing the challenges he might face with the city politicians and the state regulators, he ended up revealing that he thought otherwise than his director colleagues from the other Danish water companies. He almost called them “whiners”, and he later explained his point:

Director:

*Many years ago we believed that we were the best in the country for his and that processes. And our operations people are proud and thought they were the best in the country for that kind of operation. There was no better way to do it, they argued. And then we made our own benchmarking and compared ourselves with some of our colleagues, and found out that we were not the best! It was the somewhat sad! But it was not a criticism of them - but an eye opener that we can certainly get better and learn from each other. I think it's awfully good of benchmarking - I can actually not get enough!
(Interview D, April, 2011, my translation)*

When I left the interview to see some of the project managers of the company for a meeting about a case study arrangement, one of the middle managers immediately asked me: "What did he say? Did he talk about the new strategy of CSR? We know nothing – tell us about it". Of course, I could not reveal due to the interviewees anonymity and confidentiality with me, but this incident showed to me that the project managers believed that I was worth telling things to, and that their director might have told me things, in which they were interested. However, they would have to wait until their director was ready to tell them himself that the company were to implement a huge new policy the next years becoming the known pioneer in the sector about an ambitious plan for CO₂-reduction. Today, these project managers travel worldwide to speak on conferences about their company's CO₂ reduction, their results, struggles, and what they did to overcome it these.

The challenge of being a native

Sometimes I wished I were unknown to the water sector. Especially when interviewing my closest colleagues from my own workplace, because they thought that I already knew everything about them and their work. I had to convince them that although I had been their colleague for many years and knew the names of the projects, they worked with; I had no idea of how they actually conducted them, what struggled them, and how they managed to pass by these struggles. I could not just say, "Pretend that you don't know me", because this was impossible. I had to ask the questions differently in order to make them not feel embarrassed or foolish. Instead, I found another way of approaching them: I began telling them about some trouble, I had myself with some of my former projects. Then the interview became a sort of knowledge sharing between colleagues instead of a traditional interview. Another way to overcome the awkwardness between one colleague interviewing another was to send an interview-guide with proposed questions and themes for our talk:

Linne: What came to your mind when you read the interview guide?

Project manager: I tried of course to find an example with some substance. The first project, I came to think it was the Hjortø project where we are partly imposed by water supply plan to provide fresh water [on] these two islands, Hjortø and Hjelmshoved. Hjelmshoved is a very small island located north of Hjortø and they had problems with the water quality [coming from their private wells]. 18 properties in total, and many of them are holiday properties, so the municipality thought that the water-community should help paying for these properties could have clean fresh water. There is some sort of social responsibility in that. It's a rather unusual project because they have been drinking their own well water for many years. It has been a long process! Even before I started in 2007. Maybe back to 2003. So when we first started so I think that we got positive feedback [despite the economic fee, they were to pay for the new installation]. Compared to that, we did not destroy anything while we were over there, right? When we were finished, they could very well see that it was actually really useful. They couldn't even see we had been there, [because] we used trenchless technologies with horizontal directional drilling in order not to destroy protected areas and private properties.

Linne: Instead of digging with excavators?

Project manager: Exactly! The places where we had to dig we actually hired one of the locals. a contractor, but there were some other situations afterwards where we just had to place some wells, which we also hired the locals for.

Linne: It was also important?

Project manager: Despite their resistance to begin with, they were actually very cooperative and pleased about our conduct.

(Interview B, May 2011, my translation)

In the minds of project managers such as the above working with public service is ultimately a part of corporate social responsibility and the respect of the community even though the demands for such behaviour partly stems from policies in the municipality. I was hard for some of these interviewees and even to me to differ between what was *corporate* and what was *public policy*. For us – here I count myself in, again - it was the same thing. Working in the community mostly brings a mind-set of taking care of people and the environment unless others tell you to focus otherwise, for instance on moneymaking and profit.

From one of my observation studies a constructor revealed how their work is much easier, mentally healthier, and funnier to do, when you treat people nicely and do good things for them, when you need to disturb them with roadwork:

Constructor: We always try to be helpful and kind toward the citizens and residents in the neighbourhood of our different road works. If we are not, they complain and ruin our work, and it destroys our reputation and our entire working climate. So no matter what the developers say, we always, I would claim, act politely and helpfully towards citizens! Or else, we are out of the market! (Interview J, January 2012, my translation).

One of the hardest challenges, I faced in the light of the ease of having a great access to do ethnography and get people in my network to help establishing case studies, was when the immediate helpfulness and collaboration was substituted by failure in getting the people in this network to do what they had promised. My study was partly financed by an industry organization consisting of developers, consultants, constructors, and suppliers of the Scandinavian water sector as members counting many large and some multinational companies.

In the beginning of my study, 10 member organizations promised to establish case studies of pipeline projects for monitoring various CSR aspects. This was beneficial for both my Ph.D. thesis as well as for the contributing companies, who could benefit from marketing perspectives of the outcome of these case studies in relation to their branding of products and company CSR. After a year, however, most of these promises faded away. I then contacted the chair of the organization and asked if they did not want to provide case studies anymore?

At this particular time, I realized that I had to change the perspective of my Ph.D. thesis to focus more broadly on CSR in the water sector and not depend on the case studies alone. If I did the latter, there would not have been a thesis. However, I did not like to disappoint one of my main fundraisers, and fortunately, the chair would not let these case studies fade away, because the companies that had promised to establish them had other things on their minds. She mobilized some of her closest colleagues in the field and asked them instead to establish some case studies, so that my Ph.D. could benefit the organization again. This initiated eight new studies including 21 sub-cases, which today have marketed the organizations as one of the pioneers in the field of CO₂-reduction due to the results, the case studies revealed for the water sector.

The business-world moves much faster than grounded research, and often things happen to business organizations, so that they have to make other priorities than a Ph.D.

I cannot emphasize this enough for other students to think carefully which organization, they want to do fieldwork in. I have seen many Ph.D. colleagues suddenly losing their case study because *something happened* to the organization, they were supposed to study, and they were shut out for good! My advice for ethnographic researchers is to make sure that the outcome of your study has a vital importance for the people or the organizations, you engage with, so that your case study does not fall apart when times change for the studied organization.

Theory building or theory abduction?

Ethnography is a great method for theory building based on the results of hard work in the field over a long period. Thus many ethnographers adhere to various versions of *Grounded Theory*. However, although the essence of Grounded Theory – at least when it was suggested initially by Glaser & Strauss (1967) – it was based on an aversion to hypothetic-deductive methods (testing established theory), and instead a way to build theory based on the data itself (Watson, 2012, pp. 18-19). Glaser said that the researcher “has to wait patiently for ‘conceptual sense-making to emerge from the data’ (Glaser, 1999, p. 838)” (cited from Watson, 2012, p. 19).

This means, “the ‘theory’ in ‘grounded theory’, then, is the outcome of ‘data’” (Watson, 2012, p. 19). At the time of Glaser and Strauss’ (1967) invention of Grounded Theory as a new way to induce theory from raw data, we must remember that organizational studies were in its early stage, where theory-development were possible out of data from the field alone.

However, today, a vast literature on organizational theory has in the meantime evolved, and it is harder to find new ground-breaking theories out of the data, one collects, that no-one has ever thought of or written about before. Thus, the perspective of Grounded Theory has of course intensely developed into a more theory-embracing method (e.g. Strauss & Corbin, 1997; Charmaz, 2006; Brannan et al., 2012). The strong aversion has been substituted with a more open and integrative view, where “theoretical concepts are ingredients that go into the ethnographic mix, alongside, and in interaction with observed fieldwork episodes and recorded/remembered utterances and conversations” (Watson, 2012, p. 19). Theory building work as an inductive way of creating knowledge alongside already established theories, which can be tested more or less deductively, which is to say, that ethnography can be a theory abduction as it has become an interplay between induction and deduction.

In my ethnographic study, Grounded Theory (GT) has also played a major role. However, I soon felt rather helpless in reading even the more modern literature concerning GT, because for a student researcher the methodology guidelines provided in this literature were more or less up to one’s own choice, which did not help much for a beginner in doing fieldwork. I was introduced to some of the many computer-aided tools such as NVIVO, but when I found myself testing the multiple tools within this programs and the plethora of different graphs and tables, which came out of the coding system, I did not get more comfortable. For instance, one of the graphs that came out of min initial coding of my transcribed interviews more or less looked like a tangled ball of yarn (the network modelling part), which I had a hard time deriving any clear theory out of. Clearly, I

needed a less complex way to structure my data-piles, and luckily, a helpful professor came to see me, to whom I confessed my problems. He had a confession for me too: he too had a problem with too much data, too many codes, and graphs looking like yarnballs.

He told me, that he had given up complexity and chosen to work with a simpler method for structuring the masses of data: he advised me to read James P. Spradley's books about doing ethnography (see Spradley 1979, 1980). Not that I had to give up on using NVIVO or similar computer programs, but Spradley has a much more systematic way of structuring data into comprehensible codes and derived themes, which for me was a kind of eye-opener and a way to pursue grounded theory combined with theory abduction.

Tools for the ethnographic method

As mentioned in the beginning, there are many ways and many tools to conduct an ethnographic study, and I will not talk about all of them, but reveal which tools was most useful for my study. You may have other preferences than me, but essentially, what works best for you, is what produces the best results for you ultimately.

Interviews

I had originally planned to conduct semi-structured, in-depth interviews using an interview-guide with questions and themes. Prior to interview sessions, I had sent the interviewees the interview-guide with topics of relevance (Kvale, 2007) by email. However, most of my interviews turned out to be more like an open, less structured interview, which I actually had hoped. I could follow what my interviewees had in mind and still keep the topic in hand (Spradley, 1979; Lauesen, 2014). As I expected, most interviewees expressed completely loyalty to their organization and management, however, some used the session to criticize the management of their organization or their colleagues either inside or outside their own organization.

My interviewees tended to follow what Alvesson (1999) has said: they focus on local accomplishments, establish and perpetuate a storyline, use the interview as a kind of personal identity work, and are guided by cultural standards for interview accounts (cultural scripts). They want to please the interviewer, to reveal a moral storytelling as a kind of impression management, talk in contexts of (personal or organizational) interest and power (the political speech), use language as construction work, and to play for the power of discourses (Alvesson, 1999, p. 20; cf. Lauesen, 2014). There was nothing in my interview sessions that omitted that.

This does not mean that the interviews reveal no value. However, the pitfalls of all kinds of interviews must be managed either interpretively afterwards or more directly at the scene of the interview by using more and different angles within the conversation between the interviewer and the interviewee(s) (cf. Lauesen, 2014). What their motives were (Mills, 1940) was especially important to me, when I later analyzed the interviews (Alvesson, 1999, p. 22). These experiences of my interviews and their outcomes made me realize, that interviews alone were not enough to capture the cultural diversity within

the organizations in relation to corporate social responsibility and stakeholder engagement (cf. Lauesen, 2014). The interviews were all taped and transcribed afterwards. However, due to the pitfalls described above, I decided *not* to send the transcriptions back to the interviewees to correct them or censor them (see also Alvesson, 1999). One company claimed to censor everything I wrote about them before publishing, so of course I did not quote anything from them. However, I have not been frightened to use interviews as a method of inquiry. I rather found it necessary to combine this method with other kinds of qualitative methods such as observation and document studies in order to capture the potential insights and ideas cultivated through a proper selfcritique and reflexivity (Mills, 1959; Weick, 1989; Alvesson & Kärreman, 2011, p. 35; cf. Lauesen, 2014).

Observations

From the beginning, I had full access to my host organization. I could therefore continue interacting with my colleagues alongside my participant observation study of what was going on in the company. I chose to stay a few days a week in the open-plan office and have a few assignments of relevance to work with in order to interact as a normal working colleague. The pitfall, however, of participating so closely is to forget to observe or to become too close with the people you interact with (see also Van Maanen, 1988), so that you forget to reflect about what is going on or you may interfere with what is going on (Alvesson & Kärreman, 2011; Lauesen, 2014). However, working so closely with the observation field yields so many benefits, for instance getting easy access to meetings, following ongoing projects, talking to many people during the day. Outsiders as observers are often prohibited from entering such spheres.

I did not like to make my colleagues feel awkward about my new role in the setting, so I did not take notes during the day at the office: when I came home, I used my iPhone to record the impressions and important events that occurred to me during the day. I did not transcribe this e-diary immediately, because I learned that postponing this task, I saw the events, I was talking about to myself, more from an outside view, because a vital amount of time had passed by and other events had happened in the meantime. However, I could still recall all feelings I had recorded during the day of the event in the diary (cf. Lauesen, 2014).

I was assigned the task of carrying out the annual CSR report of the organization while I was a participant observer. The time for this task ranged from New Year until the end of April, which was a very busy period for the company. However, it was also a very insightful period with a lot of people talk across departments and with different people knowing and having different data that told many organizational stories about performativity, problems, visions, and cross- departmental collaboration. People, who normally did not work together in daily operations, came to collaborate in the CSR Task Force that I established. This gave me an opportunity to study how people in general were working together and how different subcultures evolved, clashed, or solved their problems by either innate or innovative ways of coping with or getting around them (cf. Lauesen, 2014).

During my Ph.D. study, I also had the opportunity to “hang around” (Goodall, 2000) in another water company as much as time allowed me to. I used this opportunity now and then especially when something interesting for my study came up. This company also provided me with access to documents that I needed from my former projects, and it served as a great mirror for seeing both similarities and differences comparing to my host organization. A third water company was also very open and collaborative, but since it was located farther away from me, I only visited it 1-2 times a year. The last four companies in my case studies were used mainly for interviews and not for observation studies as such. My time as participant-observer lasted effectively for two and a half year of my three-year study (cf. Lauesen, 2014).

The analysing part

As mentioned earlier, I found James P. Spradley’s analytical framework most useful for analyzing my data from the study of CSR in the Danish water sector. The *Ethnosemantic Method* by James P. Spradley (1979, p. 91-216) includes four types of analysis:

- 1) **Domain analysis:** symbols and meanings expressing cultural or tacit knowledge are grouped into categories called ‘domains’.
- 2) **Taxonomic analysis:** the internal structure of the ‘domains’. Taxonomy analysis looks for the breadth and depth of each ‘domain’ from an inside-out perspective.
- 3) **Componential analysis:** differences or contrasts among the symbols and meanings in a ‘domain’.
- 4) **Theme analysis:** The interrelationship among the ‘domains’ to be interpreted into larger cultural themes that control behaviour or stimulate activity which is tacitly approved in a given society (Spradley, 1979, p. 185).

I chose to follow Spradley’s recommendation to work with a limited number of codes extracted from the material. In this way, one can obtain an in-depth understanding of a few overarching concepts rather than a broad and complex account of the variety of meanings attached to the everyday conduct of the informants (Spradley, 1979).

Kinds of (strict inclusion)	Uses for (function)
Parts of (inclusion)	Ways to (means-end)
Results of (cause-effect)	Step in (sequence)
Reasons for (rationale)	Stages in (sequence)
Places for (location for action)	Attribute of (attribution)
Places in (spatial)	Times of (temporal)
	Things to (items)

The codes (X) should lead to a cover term for the domain (Y), which afterwards can be used for further taxonomy and componential analysis.

Code (X)	Key sentence (example)	Semantic relationship (X is a ... of Y)	Domain (Y)
Economic efficiency and effectiveness	<p>“We are punished for our environmental investments”</p> <p>“Our board can only decide upon service targets now”</p>	<p>is a result of</p> <p>is a reason for</p> <p>is a kind of</p> <p>is a way to</p>	<p>Distrust</p> <p>Paradox</p> <p>Trust recovery</p> <p>Behaviourise</p>

Table 1: Code, key sentence within the code, semantic relationship, domain.

Table 1: Code, key sentence within the code, semantic relationship, domain.

For instance; the code (X), ‘Economic efficiency and effectiveness’, derived from an interview, contains two key sentences. The domains (Y) in the analysis is also derived from the interview, which is the conclusion of the explanations given in the key sentences. All domains should then be analyzed for their semantic relationship and the content of the domain. In this way the key sentences from the interviews, meetings, field notes, and document studies can be analysed interpretively and condensed into fewer and richer domains. The next step in the analysis is to analyse the taxonomy, i.e. the internal relationship underlying the domain. In other words – what explains the domain, which can be a feeling, a consequence, a means, a kind of behaviour or similarly. The component analysis comes when analysing motives or contrasts to the domain. This means, for instance, contradictory feelings, statements, etcetera lies in the domain. All, of course, shall be grounded in the data material.

These step-by-step analyses of the code (X) ‘Economic efficiency and effectiveness’ leading to the domain (Y) ‘distrust’ result in an overall theme of ‘trust breakdown’ between – in this case - the water companies and their authorities.

Domain (Y)	Taxonomy (internal relationship)	Component (contrast-set)	Theme
Distrust	Disempowerment	Autonomisation	Trust breakdown
Paradox	Economic exclusiveness	Environmental neglect	Trust recovery
Trust recovery	Regulation/benchmarking	Punishment, “sick system”	
Behaviourise	Sound strategy/low cost	Constraints affects quality	

Tools for the fieldwork

In the old days, ethnographers typically carried only their writing tools with them to the field. A pen and a note block of paper or perhaps even a typewriter and a pile of paper, if he had to stay for a longer period in a native part of the world, was more than enough.

Today, of course, we use modern technologies such as dictaphones, cameras, video-cameras, laptops or iPads, but sometimes a simple pen and note block can be a good thing to keep in your pocket always. You never know when something important is told you. Many ethnographers use a dairy book to keep track on the events of the day. It is a good way to get your own immediate impressions into field notes by using a diary. However, it might be a little uncomfortable for you and especially for the people you research if you carry on a book in which you scribble everything you notice all day long. I soon learned to put away the notebook when doing observations, because people got suspicious when I took it out of my pocket and began to write.

“What are you writing about me?” was a typical question. Another problem, I realized that I had, was that I am terrible at keeping a diary. I simply get bored writing so much in hand when I come home, and my hands are used to computer typing and not handwriting. Instead I found another way of keeping a diary, which only took 5-15 minutes a day (and later a great deal of time to transcribe, but I was used to that, so it didn't bother me): I talked the diary into my dictaphone every afternoon after fieldwork. Sometimes also during the day, if something important happened, that I could not afford to forget. I always carried my little dictaphone with me in my pocket, because I used it to tape interviews and some observations with – of course after having got permissions to record the people around me.

One tool, I never used, because researched people often don't like it, was the video camera. Of course I could have filmed events and things going on in the field if I had asked for permission to do it, but I soon realized that video-filming interviews is not a good idea – at least not among my respondents. Many felt unsure about being filmed and asked particularly where the video would be uploaded or placed. YouTube is not a popular place to publish videos from intimate and confidential conversations between a researcher and an interviewee, and although I promised them, that I would never publish anything about them on the Internet, most rejected to being filmed. I would have too myself. However, speaking to a dictaphone after I had promised that no one else but me and perhaps my supervisor would ever hear them without a court order, was no problem to my respondents. As with the videotaping, I also used my camera sparsely, again because my respondents were promised anonymity, so why would I take their picture? I used it only to take pictures of construction works, buildings, conference meetings, etcetera, where it was acceptable to shoot pictures.

My point is here, that you as ethnographer should not avoid using modern technology in your fieldwork *when it is appropriate* and acceptable. I can easily imagine other kinds of respondents, who are more than willing to let you film them and take their pictures. The young generation, who has grown up with YouTube videoing, I would expect would not have the same concerns about IT technologies the same way as my generation has. My point is for you to be careful and always ask for permission before you use any kind of electronic device. A notebook seems more innocent, if a dictaphone recording is denied as well, and if you are restricted from taking any notes, your diary can be very, very helpful as a way to monitor your fieldwork when you come home. Be especially aware

about corporate communication policies, when you interview employees: some companies will demand full transparency in your notes, wants to see and correct your transcripts, and wants to approve your writing. Do not let them do this: avoid working with them, if they cannot accept you to be the owner of your data, or if they want to censor your texts or notes. Edited notes are not real and it is certainly not *your* notes.

Conclusion

Studying corporate social responsibility from an ethnographic viewpoint gives the researcher a large range of possibilities and a toolbox with many different ways to do qualitative research. It has especially been useful for me in my Ph.D. study, because this method provides a good way to get into the field – both of organizations, but especially also concerning the academic field of corporate social responsibility. This is because corporate social responsibility is not a clear-cut field neither to academia nor to professionals. Especially in professional organizations, the definition of CSR is far from consistent. This makes it capable to study from an inductive perspective, where the researcher lets the researched field define what they understand about CSR. In the water sector in Denmark, the general understanding of CSR was clear to their minds but not to their formulaic capabilities. A key sentence, I heard from many managers of water companies, was: “We are CSR”. Their entire mission and operational work is about bringing a natural resource to the public and take care of the waste production after consumption. To them, this was what CSR was all about. Treating people, planet and profit as equals in order to make their work and impact more sustainable.

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The Embeddedness of High Quality Sustainable Corporate Social Responsibility and Corporate Governance for better Company Performance, Mustafa Avcin & Hasret Balcioğlu

Department of Business Administration

Faculty of Economics and Administrative Sciences

Cyprus International University

North Cyprus, Mersin 10 Turkey

Email: mavcin@hotmail.com, hbenar@ciu.edu.tr

Abstract

A model of corporate governance framework is constructed that may help businesses to create social value as well as financial value and an opportunity for researchers to measure and predict social value and financial value of businesses in the future. This model is only the first model employing the core dimensions of the Competing Values Framework (CVF) that help identify ways in improving organisations performance, corporate value and corporate legality which addresses all stakeholders and shareholders needs and expectations under laws and regulations. The model contribute to our understanding of the embeddedness of high quality Corporate Social Responsibility (CSR) and Corporate Governance (CG) that include orientation in Control, Compete, Create and Collaborate and corporate governance regulations that include orientation in Board of Directors and Managerial Incentives, Capital Structure Provisions and Control Systems, Laws and Regulations, and Capital Markets by considering Primary and Secondary stakeholders and interact with the political environment, rules and regulations and legislation. In short, the model span almost every attribute for corporates to establish effective and efficient governance system in terms of the modern legal environment.

Businesses' mission is to maximise profit by increasing customer base, and by increasing sales. In order to attract more customers, they aim to provide reliable and safe goods and services to all stakeholders and furthermore, focus on serving the interests of all stakeholders including shareholders. Managers and directors of a company have to obey laws and regulations and follow ethical codes customed to society and engage in activities without fraud in order to facilitate the needs and expectations of all stakeholders. Therefore, a business with a well balanced engagement of stakeholders and with a comprehensive Corporate Social Responsibility policy that aim to contribute and conduct social responsibility projects, will add value to the society from education, technology, sports to art and culture art.

Also, will develop social values and preserve cultural art heritage. This will lead to the success of the business and create social value among the stakeholders.

This paper critically examines the need for high quality Corporate Social Responsibility (CSR) and Corporate Governance (CG) in terms of culture and legality by defining the ‘corporate social responsibility’, “corporate” and the “corporate governance” terms in relation to a modern legal environment. Moreover, the study examines how embeddedness of high quality corporate social responsibility and corporate governance may help for better creation of a corporate culture that affect company performance and the society.

Keywords: Corporate Social Responsibility, Corporate Governance, Social Value, Stakeholders.

Introduction

The paper aims to enhance on a view of how the embeddedness of CSR and CG help create corporate value and predict social and financial performance. It could be argued that, the right corporate culture can be created by an organisation when it establishes orientation in dimensions, such as Control, Compete, Create and Collaborate that generate social value an outcome that, will be greater than what a person could do. Thus, all stakeholders will be better off than those without the organisation when social value is created. Cameron *et al*, (2006) suggests that, competencies in these dimensions will help create value consistent with how the market values firms. It could also be suggested that, the right corporate legality can be created by organisations when they establish orientation in dimensions such as Board of Directors and Managerial Incentives, Capital Structure Provisions and Control Systems, Laws and Regulations, and Capital Markets that generate financial value outcome. Furthermore, organisation’s corporate culture and corporate legality complement each other signaling the right way of directing and controlling (corporate governance) which help create social and financial value. For corporate legalities Gillan (2006:384) in his research paper have developed the corporate governance framework that refer to the dimensions of better Board of Directors and Managerial Incentives, Capital Structure Provisions and Control Systems, Laws and Regulations, and Capital Markets to predict financial performance. However, he also suggests that, a firm should also consider other parties such as primary and secondary stakeholders and interact with the political environment, rules and regulations and legislation cited at (Jensen, 2001); as stated by Gillan (2006:383).

Stakeholders are characterised as external and internal stakeholders that, directly and indirectly affect the activities of a firm, (Freeman, 1984) as stated by Gillan (2006). External or secondary stakeholders are not usually engaged in transactions and are not essential for organisation's survival such as media, trade unions, NGO's and interest groups but, there are different pressures and priorities arising from these stakeholders cited at (Waddock *et al*, 2002) and (Schaefer, 2002) as stated by Maignan *et al*. (2005: 959), power is the experience and skill to practice individuals' future over others. On the other hand, a certain number of stakeholders have similar needs and expectations, such as choose to join formal communities dedicated to better defining their values and norms Maignan and Ferrell (2004). For example, investors choose to play a role in Social funds that stimulates shareholder act in favour of CSR. Similar communities are Consumer Associations, Better Business Bureau, and National Associations etc.

According to (Harrison and Freeman, 1999) and (Mitchell *et al*, 1997) as stated by Maignan *et al*. (2005: 959) to assess stakeholder influence, the priority is to address their issues based on their "power, legitimacy and urgency" where, legitimacy relates to socially accepted and expected structures that help define whose concerns or claims really count and urgency is the dynamic interaction addressing issues and resolve them often they all agree upon shared needs and interests. This will create a stakeholder oriented culture that will bring a competitive edge and competitive advantage to the organisation, confirmed by (Leap and Loughry 2004) as stated by Maignan *et al*. (2005: 960).

Many theorists, politicians and scholars agree on the common knowledge that, corporate governance mirror national culture, Licht *et al*. (2005:231). Thus, in terms of the relations between culture and legal rules, they argue that, culture is used to motivate and create a strong influence on the company's rules and regulations and on the degree of importance on those that have to make decisions in running the company. It is true to state that, the social actors such as leaders and politicians must also consider cultural values in order to select the right action and analyse participants and events in terms of governance.

On the other hand, the theory of embeddedness is also important because the emphasis of the constructed model captures the idea of connecting corporate culture together with corporate legality that affect financial markets and firm performance. The paper advances with Literature review, followed by section one, section two, section three, discussion and conclusion. In section one, the following are explained: Stakeholder theory and corporate social responsibility, the meaning of CSR, Competing Values Framework (CVF) that help

identify ways in improving organisations performance and corporate value, protection of shareholders, ethical rules and social responsibility of Capital Markets Board of Turkey. Then, in section two the following will be explained. Definitoin of ‘corporate’, ‘corporate governance system’ followed by the theory of embeddedness and corporate legality. Section three will consist of the following: Explanation of the financial performance and value creation prediction for corporates, the relationship between competing values framework and stock market and the model of corporate governance.

Literature Review

There has been a vast amount of research and investigation taken by many scholars and researchers after the stock market downturn of 2002, leading to economic crisis and the collapse of many corporations especially in the western world. The following table of contents refers to some scholars’ research on corporate governance and corporate social responsibility in a chronological order, which help enhance the general view about corporate governance and corporate social responsibility and their main intentionality in the current global economy.

Year	Research Outcome	Reference
2007	<p>A Case Study of Stakeholder Identification and Prioritization by Managers</p> <p>This paper examines the stakeholder identification and Prioritization by managers using the Mitchell et al. (1997). They have found out that the roles and positions of those employees and the structure of the organization affected their identification which was consistent with Freeman (1984). Moreover, they have found that people who worked closely together tended to identify similar stakeholders, and this could cut across hierarchical levels</p>	<p>Parent, M. M. and Deephouse, L. D. (2007)</p>
2009	<p>Corporate Social Responsibility Beyond Law, Through Law, for Law</p> <p>This paper critically assesses the market forces pressing for CSR And then various mechanisms used to enforce CSR through law. It also show a two way relationship between CSR and Law with Market pressures how businesses comply with legality and with range of governance methods being brought into the process of a new corporate system.</p>	<p>McBarnet, D. (2009)</p>
2009	<p>How corporate governance affects payout policy under agency problems and external financing constraints</p> <p>This paper investigates the impact of corporate governance on the payout policy when a firm has both agency problems and difficulties in obtaining external finance. Researchers have tested whether strong corporate governance would lead to higher payout to reduce agency problems (outcome hypothesis), or to lower payout to avoid costs of obtaining external finance (substitute hypothesis). Their results indicated that corporate governance was reserved based on the size of the agency costs and the size of the costs of external finance. They also found that, firms with higher (lower) external financing difficulties constraints tend to decrease (increase) payout ratio withan improvement in their corporate governance.</p>	<p>Chae <i>et al.</i> (2009).</p>

Year	Research Outcome	Reference
2010	Comparative and International Corporate Governance Authors have examined the comparative and international corporate governance by identifying main concepts in order to explain the cross-country diversity in corporate governance.	Aguilera, R. V. and Jackson, G. (2010)
2010	Legality and venture capital governance around the world Authors have analyzed governance based on data regarding investments of venture capitalists in 39 countries around the world. They have proved that, differences in legality, and accounting standards, significantly impacted on the governance structure of investments and better regulations promoted faster deals, investor board representation of the investor and reduced harmful co-investment.	Cumming <i>et al.</i> (2010)
2011	Evidence on the international evolution and convergence of corporate governance regulations Their study provides a detailed investigation of corporate governance systems and the evolution since 1990 in Europe and USA covering more than 30 countries. They have created indices to show how the law in each country addresses issues and conflicts between shareholder and managers, between majority and minority shareholders, and between shareholders and bondholders.	Martynova and Renneboog (2011).
2012	Corporate Governance in Turkey: Issues and Practices Of High Performance Companies This paper examines the concept of corporate governance in Turkey by comparing companies with high performance and Lower performing performance by explaining problems with regard to the regulations in Turkey. They have found that, HPCs in Turkey score higher on the norms of good corporate governance than comparable companies and the difference are significant.	Needless et al. (2012)
2012	Corporate governance and the information environment: Evidence from state antitakeover laws Researchers of this paper have examined the relationship between Firm's governance and its environments. They have used the government antitakeover laws in the US in order to identify	Armstrong <i>et al.</i> (2012).

changes in firms behavior based on the information environments

Year	Research Outcome	Reference
2012	<p>Capital market consequences of managers' voluntary disclosure styles</p> <p>The paper examines the behaviors of managers creating a style of forecasting in capital markets. Also, examined where and when manager specific trustworthiness is concerned.</p>	Yang, I. H. (2012).
2012	<p>The extent of corporate governance disclosure and its Determinants in a developing market: The case of Egypt</p> <p>Researchers of this paper have focused on the development of a Regulatory framework starting from late 1990s in order to improve Corporate governance in Egypt. They argued that, following international norms can decrease financial problems of developing nations such as weak stock markets, weak investor protection and dealing with economic uncertainties with more government intervention.</p>	Samaha <i>et al.</i> (2012)
2013	<p>Corporate governance and investment-cash flow sensitivity: Evidence from emerging markets</p> <p>The researchers of this paper have investigated how companies' corporate governing affect financing difficulties. They have concluded that, better corporate governance reduces dependence in generating cash flows and financing difficulties. Moreover, they have found out that, firm level corporate governance matter more and is more significant in countries that have weaker country-level governance.</p>	Francis <i>et al.</i> (2013).
2013	<p>Corporate governance in emerging markets: A survey</p> <p>The authors of this paper have reviewed corporate governance by focusing more on emerging markets. They have found that, firms benefit from having easier and bigger success of getting external finance and end up having lower costs, show better performance and hence, is treated more favorably by all stakeholders.</p>	Claessens, S. and Yurtoglu, B. B. (2013).

Year	Research Outcome	Reference
2013	<p>Is corporate governance relevant during the financial crisis?</p> <p>This paper examined the impact of internal corporate governance on performance of firms during financial crisis. The researchers have tested corporate governance performance of cross country sample</p>	Gupta <i>et al.</i> (2013).

Table 1 revealed that, corporate governance is a serious matter and it is very obvious that, greater scrutiny is inevitable. Bebchuck *et al.* (2004) have put forward an entrenchment index covering twenty four provisions in order to find out the relationship between these provisions, firm valuation as well as their returns during the 1990 and 2003 period. Six provisions were as follow: Staggered boards, limits to shareholder bylaw amendments, poison pills, golden parachutes, and supermajority requirements for mergers and charter amendments. What they have found out was that, increases in the index level were associated to a significant fall in firm valuations and to large negative abnormal returns during this period. Furthermore, the other eighteen provisions used in the index were uncorrelated with firm valuation and negative abnormal returns. Bebchuck *et al.* (2004) concluded that, the E index provides a measure that can be used in a large number of studies by researchers aiming to use in their tests. It is a governance measure covering six provisions, the E index are those that the private and public decision-makers should pay most attention.

After 2002, the USA and the EU stepped forward with action plans outlining their intensions for modernising the company law and built the right framework of corporate governance. The EU Commission COM(2012) 740 final action plan have identified three main actions by enhancing transparency, engaging shareholders and supporting companies' growth and their competitiveness to modernise the existing company law framework. Hence, Globalisation has made organisations to review their current activities and if necessary deviate from their corporate current culture orientation profile to face the demands of stakeholders internally and externally.

There is a concern that, organisations must focus on their customers and to the important stakeholders group that hold the organisation responsible for its actions. According to Maignan *et al.* (2005) "company orientation to non-consumer stakeholder groups will be dependent on their consumer orientation". Therefore, within the marketing function, the degree of customer orientation will affect relationships with other stakeholders. It is argued that, unintended activities of the market considers relevant interests of key stakeholders (Fry and Polonsky, 2004), where, customers and employees has an impact on firms performance cited in (Berman *et al.* 1999) as stated by Maignan *et al.* (2005:956). Furthermore, for successful implementation of marketing strategies, market orientation is the key variable (Homburg *et al.*, 2004) and moreover, there is a new existing logic of marketing that provide social and economic processes, skills and knowledge to all stakeholders (Vargo and Lusch,

2004), and many marketing scholars focused on two main primary stakeholders: customers and channel members as stated by Maignan *et al.* (2005:957).

The importance of implementing CSR will lead to adaption of values and norms along with organisational activities to minimise negative and maximise positive impacts on important stakeholders. The degree of commitment to CSR may vary because the CSR of an organisation is issue-specific because stakeholder issues may be different and vary with the different stakeholders, Maignan *et al.* (2005: 958).

According to Siegal & Vitaliano (2006:7), Corporate Social Responsibility is established on the buyers' belief, where they expect that, the company aim to provide quality products and services with honesty and that they also see the CSR as the direction of trust. Therefore, the company will search to choose the right materials to produce in order to maintain quality and reliability. Furthermore, activities of companies that are based on CSR which above all confirms of trust to such environmental laws and regulations will create social value (Paul & Siegel 2006: 3). Also the CSR can protect the company against risk that can cause damage to its reputation. Moreover, is a framework that involves actions in order to reduce externalities and avoid market failure (Heal 2004:1).

Ararat & Gocenoglu (2012) on the other hand, define CSR as “institutionalised corporate practices and behaviour” driven by the acceptance of “moral obligation” and “accountability” by management for the consequences of corporate activity for all of the stakeholders and society at large”. According to McBarnet (2009) CSR involves a change from profit maximization for shareholders towards a change for stakeholders from environmental protection that provide support on ethical issues and legal obligations.

Stakeholders' values and norms apply to a variety of marketing issues such as sales activities, consumer rights, environmental protection, product safety, and proper information disclosure. Norms and values concern both issues that do and do not affect stakeholders' own welfare.

Therefore, the level of social responsibility of an organisation can be assessed by controlling its impacts on the issues of concern to all defined stakeholders.

Section One

1.1 Stakeholder theory and Corporate Social Responsibility

According to Maignan *et al.* (2005), in terms of values and norms an organisation internally and externally has to create a framework to satisfy the needs and expectations of various stakeholders so called Primary stakeholders and Secondary stakeholders in order to be able to create a greater collaboration, satisfaction and control.

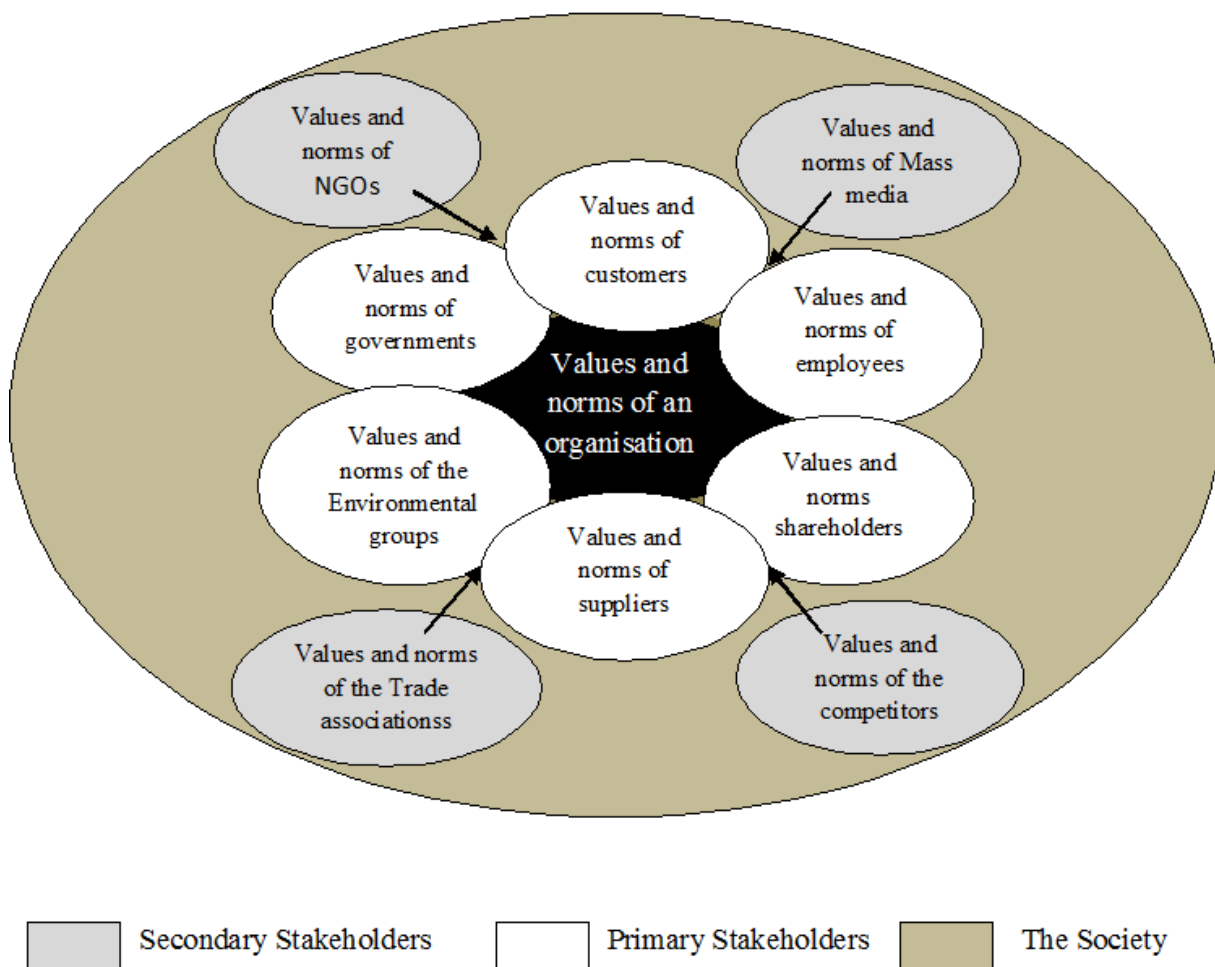


Figure 1: Source: Adapted from Maignan *et al.* (2005) : 962

The organisation must create a cohesion internal environment to protect and support the actions of the related stakeholders and be able to closely work together to find ways to implement rules and regulations and plus, work closely with social actors and policy makers to create better corporate governance provision. Figure 1 shows the Primary and Secondary stakeholders of an organisation with regard to their social values and norms. A corporation

should create a stakeholder issue solving indicators in order to deal with every problem facing stakeholders, Maignan *et al.* (2005): 961. Table 1 shows the stakeholder issues and the indicators used to impact on the issues faced by the stakeholders, Maignan *et al.* (2005). An organisation in order to resolve issues must establish a Corporate Social Responsibility policy. In order to create a CSR, an organisation should be able to discover its values and norms and identify its stakeholders and their issues. Furthermore, an organisation may follow an eight step procedure as in Figure 2, in order to be able to implement a successful CSR policy (Maignan *et al.* 2005:966).

CSR has now become a routine element in business and regulatory debate. Essentially, McBarnet (2009: 1) stresses that, CSR involves a shift in the focus of corporate responsibility from profit maximisation for shareholders within the obligations of law to responsibility to a broader range of stakeholders which, includes communal concerns such as protection of the environment, and accountability on ethical as well as legal obligations.

Stakeholder groups and issues	Indicators of business impact on the issue
Employees	
Health and safety	Amount of injuries and ratio of absenteesim
Communication with managers	Appraisal schemes per year
Education and training	Changes in average training of employees per year.
Customers	
Quality and reliability of products	Number of complaints
Customer service including for disabled customers	Feedback and charter standards
Community	
Protection in terms of health and safety	Available risk management
Donations and supporting local businesses	Time spent in community service

Table 1: Source: Adapted from Maignan *et al.* (2005): 961

CSR is rationalized by some scholars in terms of societal investment, in order to build up societal cash flow which helps to improve the economic performance of the corporation (Waddock, 2001 and Habish, Meister & Schmedpeter 2001), cited at (Ararat & Gocenoglu, 2012 : 2).

Corporate Social Responsibility is an important part of corporate strategy in sectors where, inconsistencies arise between corporate profits and social goals, or discord can arise over fairness issue.

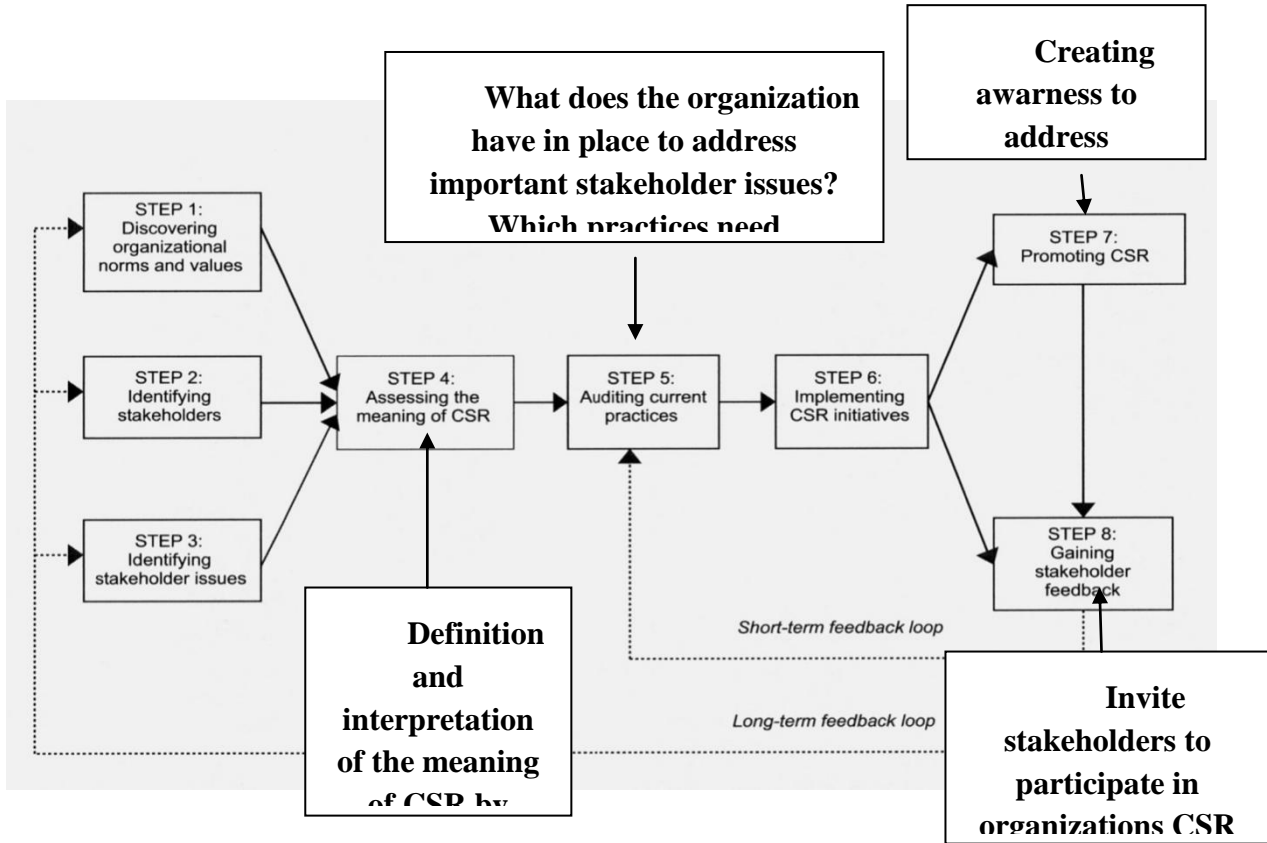


Figure 2: Adapted from Maignan *et al.* (2005): 966

A CSR program can make executives aware of these conflicts and commit them to taking the social interest seriously, and CSR is defined as a program of actions taken to reduce externalized costs or to avoid distributional conflicts. It is an institution that has evolved in response to market failures so called externalities (Heal, 2004: 3). Also, the European Union Commission stressed the importance of the successful single market that has to focus on the citizens and establish trust and, the importance is to show the correct and right responsibility both to the employees and shareholders and at large to the society. Hence, in order to create trust and efficiency in the single Market the key elements are Corporate Governance and Corprate Social Responsibility, (EU Green Paper, COM (2011) 164 final:2).

Organisational values and norms are very useful to guide CSR practices when they specify the nature of either relevant stakeholder communities or important stakeholder issues. Usually organisations express their values of how they maintain their core values and formalizing their CSR norms in the following ways.

Mission Statements (Organizations targets)

Code of Ethics

Social Charters (Customer service towards Excellency)

The CSR norms help the firm to keep together the stakeholder communities along with their main norms and values. Help addressing issues based on health and safety, development of career and work schedules to facilitate coordination of personal and professional lives.

In terms of customers, concrete CSR could refer to quality, safety and responding to their complaints. Aim at community includes philanthropic and volunteerism programs along with environmental protection efforts. Clarkson, (1999) defined nine principles of stakeholders management in building stakeholder relationship: Acknowledge, monitor, listen, communicate, adopt, recognize, work, avoid, and acknowledge conflicts. In addition Carroll and Buchholtz (2003, p.78) stated key questions in stakeholder management in identifying the stakeholders, their needs and expectations, what the challenges are for the organization and its response, thus, the actions and the strategy that the organisation has to follow to solve the challenges (Maignan *et al.* 2005 : 965).

The stakeholder model identifies and explains an eight step framework of how to implement Corporate Social Responsibility in marketing. The model may be used to cross-examine companies to identify CSR success. Figure 2 shows the eight step framework of how to implement CSR in marketing. Step 4 brings all the first three steps together that arrives to the right definition of CSR that fits any organization of interest.

1.2 Assessing the meaning of CSR

In Figure 2 Steps 1, 2 and 3 help to establish the next step which is step 4 that defines CSR and the following are examples of CSR definitions from ABN Ambro and Turkcell. Identifying issues will help to assess the meaning of CSR. Step 6 is where the CSR is implemented.

“Being an active and responsible member of the societies and communities in which we operate is very important to us, morally as well

as financially. Whether creating new products designed to promote sustainable development, spelling out the principles on which we conduct our business or supporting sports and the arts, we believe that being good corporate citizen creates value for all stakeholders – employees, clients, investors, communities and others” (ABN AMRO, 2004), (as stated by Maignan *et al.* 2005 : 970).

“ Being an active mobile communication service provider both in Turkey and around the world we aim to contribute and conduct social responsibility projects that add value to the society from education, technology, sports to art and culture art in order to develop social values and preserving cultural and art heritage. We strive to bring together the representatives of the industry on an international platform, and continue to play an important role in raising the awareness of technology in the public”. (TURKCELL, 2000)

It is evident that Turkcell’s vision and strategy and its definition of CSR is confirming the eight step of CSR implementation as seen in its support to social projects. Its activities and with its CSR policy confirms its success against its all stakeholders. The stakeholder methodology has outlined the right understanding in explaining the implementation of CSR in relation to organisational cultural values and on values and norms of all stakeholders.

1.3 Competing Values Framework (CVF)

The competing values framework (CVF) focuses on values that add to organizational culture, and successfully reflects the conflicting demands of the organizational context (Shih & Huang, 2010).

According to the researchers Quinn (1988), Barley & Kunda (1992), Cameron & Quinn (2006), the CVF aligns with well-known and widely accepted categorical schemes that outline how people think, how they organize their values and ideologies, and how they process information (Linnenluecke & Griffiths, 2010: 360). It is a model that, presents four dominant management models of organizational effects developed by Quinn *et al.* (2007) as stated by (Riggs and Hughey, 2011:111). According to Crim *et al.* (2011), the CVF is a multidimensional concept, using the dimensions of organizational focus, structural preference, and managerial concern to investigate organizational effectiveness in a wide variety of areas.

It consist of set of organisational effectiveness indicators (criterias) that help create value in organizations. It is useful for identifying the major changes needed within the organisation and outside the organisation. It has two dimensions. First dimension refers to Flexibility and Discretion; Stability and Control. Second dimension refers to internal orientation and external orientation. It serves as the foundation for OCAI (Organisational Culture Assessment Instrument) that helps to characterize an organisation. It is useful in organising Total Quality Management (TQM) and to identify the changing roles of the Human Resources Management (HRM) (Cameron & Quinn, 2006: 31-32).

A variety of dimensions and attributes of organisational culture have been proposed, by Cameron and Ettington (1988), Martin, (1992), Beyer and Cameron (1977) and variety of dimensions represented by Sathe (1983), Schein (1984) Kotter and Heskett (1992) who argued for cultural suitability and strength as the main cultural dimensions. Hofstede (1980) focused on power distance, uncertainty avoidance, individualism and masculinity and Miller (1986) focused on paranoid, avoidant, charismatic, bureaucratic politicized dimensions and Martin (1992) proposed cultural integration and consensus, differentiation and conflict and fragmentation and ambiguity. The reason for so many dimensions is that organizational culture is extremely broad and inclusive in scope as stated by (Cameron & Quinn, 2006: 31-32)

Dimension	Competing Values	Definition	References	
Organizational focus	External	An external, macro emphasis on the functioning and development of the organization as part of the larger environment	(Quinn and Cameron 1983; Quinn and Rohrbaugh 1983)	
	Internal	An internal, micro emphasis on the functioning and development of people and their activities within the organization		
Structural preference	Control	An emphasis on high structure, predictability and stability		
	Flexibility	An emphasis on low structure, innovation and adaptability		
Managerial concern	Means	An emphasis on processes, planning, and goal setting		
	Ends	An emphasis on outcomes, deliverables and productivity		
Motivational trait	Head	An emphasis on behaviors rooted in conceptualizations and driven by problem-solving, collaboration, and competition		(Maccoby 1978)
	Heart	An emphasis on behaviors rooted in consciousness and driven by compassion, generosity, and idealism		

Table 2: Competing Values Framework. Adapted from: Crim *et al.*(2011): p8

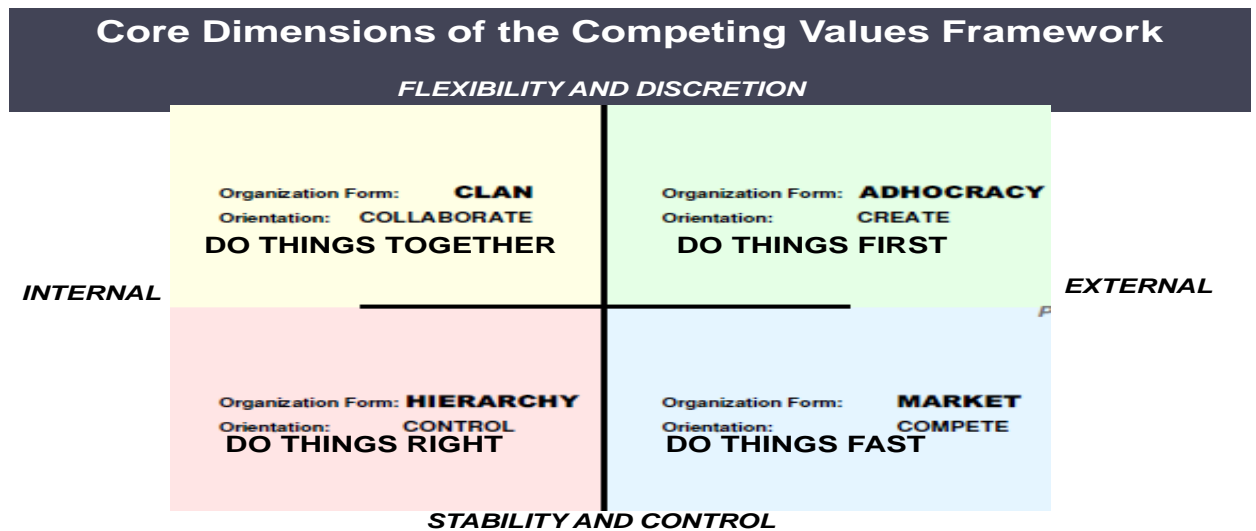


Figure 3: Adapted from: Cameron *et al.* (2003) : p 16

The four indicators (criteria) define the competing (opposite) core values on which judgments about organisations are made. Each indicator helps to identify organisation's cultural strength, cultural type, and cultural appropriateness.

1.4 Protection of shareholders, ethical rules and social responsibility of CMB (Turkey) and the involvement of the CVF

According to the amended by resolution dated of the Capital Markets Board (CMB) of Turkey (2005), the corporate governance framework should identify and accept the rights of shareholders by law and company policy. Therefore, the company policy should be well-balanced and aimed to protect all stakeholders independent from each other. Moreover, it is suggested that, a company should implement a mechanism to encourage greater involvement of stakeholders in the management and give priority to all employees to interact with company activities (Capital Markets Board of Turkey 2003:37-40). It is argued that, a planned CSR model or a policy practice should be acknowledged by the company internally and must be included in the Articles of Association.

The BODs and any other executives may not behave in a way to cause a fall in the value of assets that may lead to a loss of stakeholders. It could be deduced that, a company may establish a collaborative cultural environment (Clan culture), (Cameron & Quinn, 2006:46-

48) to enable issues regarding financial position, remuneration, recruitment and training and social welfare. In organizations when stability is maintained and must be maintained during uncertainty, collaborate (Clan culture) quadrant of the Competing Values Framework (CVF) help people and organizations to establish expected skills and create the best and the most value, Cameron *et al* (2006:38)

The working conditions of the employees should be safe and secure and measures should be taken to protect them and prevent discrimination in terms of race, religion, language and gender (Capital Markets Board of Turkey, 2003:38). It is further suggested that, all customers and suppliers should be fully satisfied by maintaining quality standards and create good relationship in line with the provisions of the agreement among all the parties involved. Therefore, it is vital that, companies should carry out their operations and activities ethically and responsibly (Capital Markets Board of Turkey, 2003:39-40). As in the Control quadrant of the CVF, organization's managers and administrators are those leaders that show competence in details and make careful decisions and focus on one way. Their aim is to achieve high levels of asset turnover and higher investment and consistency is built upon these elements which reflects the vision and the control culture of the organization. Thus, the organization abides with the rules of accountability and allows employees to question their supervisors and leaders, Cameron *et al.* (2006:34).

Section two

2.1 The term 'corporate' defined.

The term 'corporate' refers to a company or corporation that influences and creates a positive and efficient impact on that country's economy. These companies seek to promote financial value and social value to the whole community. According to Cadbury Report (1992), companies have boards and managers that has to examine progress and assess compliance with regulations or some code in order to have consistent and efficient systems of flexibility and control. A new legal environment is inevitable due to rapid globalisation and free trade which nowadays, corporations have become places that different people actually work from different cultures and the main focus of the organisations have been on the micro and macro level at the organisation level internally and externally. At structural level, the organisation focuses on the control and flexibility. At managerial level focuses on the set targets and output (Linnenluecke and Griffiths, 2010:359). It is vital that, corporates have to consider the cultural value dimensions so called the competing values framework in order to

create an efficient and consistent performance. Furthermore, many scholars and researchers have defined the Competing Values Framework in many ways and the core application of the framework lies in the heart of organisations' cultural values and the cultures of those people that actually work in the organisation. It is a model that is followed by organisations in order to create a systematic strategy to help establish procedures for leaders within the organisation to control and plan relationships to motivate employees and improve the performance of the organisation internally and externally. Thus, it is an invention and a ways of organising organisations, for improving human resources practices and overall performance in relation to changes in internal and external environment (Cameron and Quinn 2006).

Moreover, corporates are business organisations that have leaders that aim to work better and continuously improve the organisation's performance. These leaders should take into account the Competing Values Framework in order to choose the right cultural dimension that will suit to the organisation's mission statement targets. Whether it is time to intervene into the market to create a competitive edge, or it is time to collaborate to work together as a family, or it is time to expand and implement new rules, policies, roles and responsibilities in the organisation. Therefore, it could be true to say that, it is a concept with many multidimensions that, organisations use to match their targets in order to achieve culture change or create a financial and a social value in the competitive environment. The Competing Values of Framework as a model that presents four dominant management models of organizational effectiveness which was developed during the 20th century (Quinn *et al.*, 2007), as stated by (Riggs & Hughey,2011:111). Therefore, it could be argued that, corporations are places that consist of competing values that determine necessary deviations depending on the circumstances of internal and external environment.

On the other hand, corporates are determined to follow laws that are adapted by the policy makers in order to make sure that, they operate effectively in the financial markets. The right code of legality would be extremely important for businesses and for the financial markets to run efficiently (La Porta, Lopez-de-Silanes, Shleifer and Vishny (La Porta *et al.*, 1997, 1998), as stated by Berkowitz *et al.* (2003:166). According to their research, the determinants of legality, the initially transplanted law was more important than the supply of law and the fundamental assumption of the transplanted law was more efficient in functioning of legality than countries that received foreign law has an indirect effect on economic development. However, according to Beck *et al.* (2003), if a country's company law is based on legal origins such as British, French, German, or Scandinavian legal origins is important in

explaining laws on creditors and shareholders rights and may influence economic growth by establishing strong national financial systems. Furthermore, they have proposed that, countries that have developed their formal legal orders domestically by adapting the transplanted law would be able to carry out formal legal codes and establish effective legal systems and in contrast, a country will have more difficulties in developing a formal legal order if received foreign law Levine (1998, 1999), as stated by (Beck *et al.* 2003:168).

2.2 The term ‘corporate governance system’ defined.

Corporate governance is defined as the process of control and a management of a company by directors appointed by the shareholders. Governance gives the authority and responsibility to the board of directors to establish a system of directing and controlling the company with setting appropriate strategic aims and provide supervision and stewardship subject to laws and regulations (Cadbury Report, 1992). Taking the narrow perspective Shleifer and Vishny (1977) define corporate governance as the system where, investors to companies receive a rate of return and at a broader perspective Gillan and Starks (1998) define corporate governance as a system that consist of rules, regulations and legislation that regulates the operations of a company Gillan (2006:382) as shown in Figure 4.

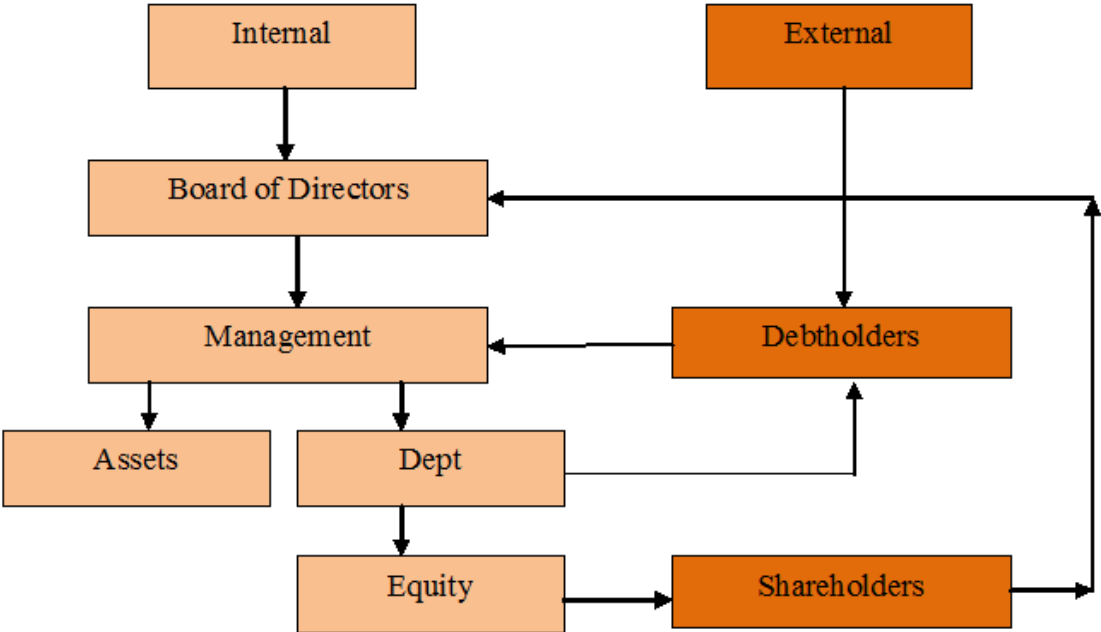


Figure 4: Adapted from Gillan (2006):382

According to Needles *et al.* (2012), the concept of corporate governance takes into account the rights and responsibilities of each major group of stakeholders in a corporate and states the rules, regulations and standards for making decisions about corporate behavior. Thus, they suggest that, the process of governance should enhance company’s management in a way that meets stakeholders’ needs and expectations. These stakeholders as stated in Figure 5 play an important part in impacting in a company’s control and directing.

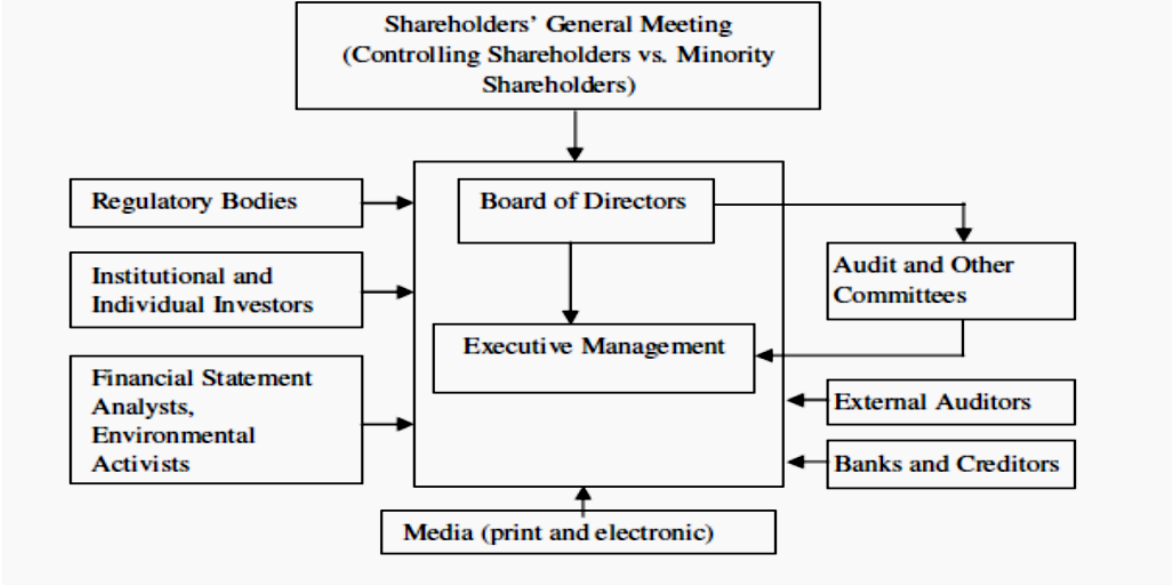


Figure 5: Stakeholders’ influence on the corporate governance. Adapted from Needles, *et al.* (2012:514)

The emphasis should be on the need for a modern and an efficient law and “corporate governance system” for the investors, employees by adapting to the expectations of the whole society and to the rapid change of the economic environment.¹ So, there is a need for more engaged shareholders and sustainable companies. Therefore, it is the responsibility of the firm to create a good corporate governance rules and regulations in order to maintain the right standards and also, provide a direction for their companies to be run well and become more competitive and more sustainable in the future creating social value and financial value. Within this respect, “corporate governance system” could be defined as a process that involves;

¹ For a more comprehensive and detailed information see EUROPEAN COMMISSION Strasbourg, 12.12.2012 COM (2012) 740 final. Action Plan: European company law and corporate governance - a modern legal framework for more engaged shareholders and sustainable companies.

A system of directing and controlling via the management orientation, organisation form (culture type) that, organisations may deviate by using the right value drivers in order to do things together, do things right, first and fast by embedding effective and consistent corporate market culture (internal governance) and corporate capital market culture (external governance) behaviour subject to laws and regulations with the aim to create social value and financial value.

2.3 The theory of Embeddedness

The theory of embeddedness is important because the emphasis of the constructed model captures the idea of connecting corporate culture together with corporate legality that affect financial markets and firm performance.

The word embeddedness refer to various sociological accounts that, help explain the way that financial markets are effected (Granovetter 1985; Portes and Sensenbrenner 1993; Romo and Schwartz 1995, Uzzi 1996, 1997) as stated by Uzzi (1999: 482).

Furthermore, helps to enhance greater understanding of the way social value is created by investigating sociological aspects in relation to better formation of financial markets (Fligstein 1996; Podolny 1993) as stated by Uzzi (1999: 483).

Embeddedness is about the strength of the relationship between a person and a group and that this relationship represents autonomy which, describes their ideas and interactions and experiences with regard to cultures. Therefore, the corporate culture and corporate legality embeddedness are important variables and the concentration is on; how in general firms establish better corporate social responsibility and corporate governance in financial markets?

2.4 The Theory of Corporate Legality

According to Gillan (2006), companies consist of more than capital management and capital investors. He suggests with Figure 5 that, a firm should also consider other parties such as primary and secondary stakeholders and interact with the political environment, rules and regulations and legislation (Jensen, 2001); as stated by (Gillan 2006:383).

In the USA the Securities Act of 1933, the Exchange Act of 1934 and recent reforms in the legal system such as the Sarbanes-Oxley Act of 2002 has shown that, legislation, and

politics have an important impact on companies operations and on corporate governance system, Gillan (2006). Furthermore, he developed the corporate governance framework as in Figure 4, contained some of the key components.

Moreover, the corporate governance framework should also take into account the cultural approach together with the legal approach, in order to be able to examine the corporate governance structures with the aspects of the environment. Therefore, there is an issue that has to be addressed and entering only investors' rights into the law will not be enough. According to Licht *et al.* (2005) culture involve many meanings, symbols, and assumptions about what is accepted or not accepted that shows societies norms and actions. On the other hand, they define the term value as the shared ideas of what is good or bad and desire in a society. Leaders of organisations, politicians and individuals take into consideration these cultural value dimensions in order to choose their actions, people, events and be able to clarify and justify own actions and evaluations (Kluckhohn,1951) as stated by Licht *et al.* (2005). Furthermore, the work of Licht *et al.* (2005) explains the importance of culture, law and corporate governance in relation to shareholders and stakeholders. They have presented evidence that, the relationship between law and culture is important regarding corporate governance. During their examination, they have used cross-sectional samples of nations based on cultural value dimensions and have found out that, corporate governance laws have a relationship with existing culture. Furthermore, they have stressed that, a new procedure of law has emerged between civil law and culture. Moreover, many scholars, academicians and politicians share the concept where, national culture is the reflection of corporate governance. However, it is argued that, national culture could delay change and may obstruct improvement and may force dependence in corporate governance system (Licht *et al.* 2005:231:232). In the Green paper EU COM (2011) 164 final, corporate governance system refers to the ways that, companies are governed (Cadbury Report,1992,15) and refers to the interactions between directors, shareholders plus all stakeholders (OECD, 2004:11).

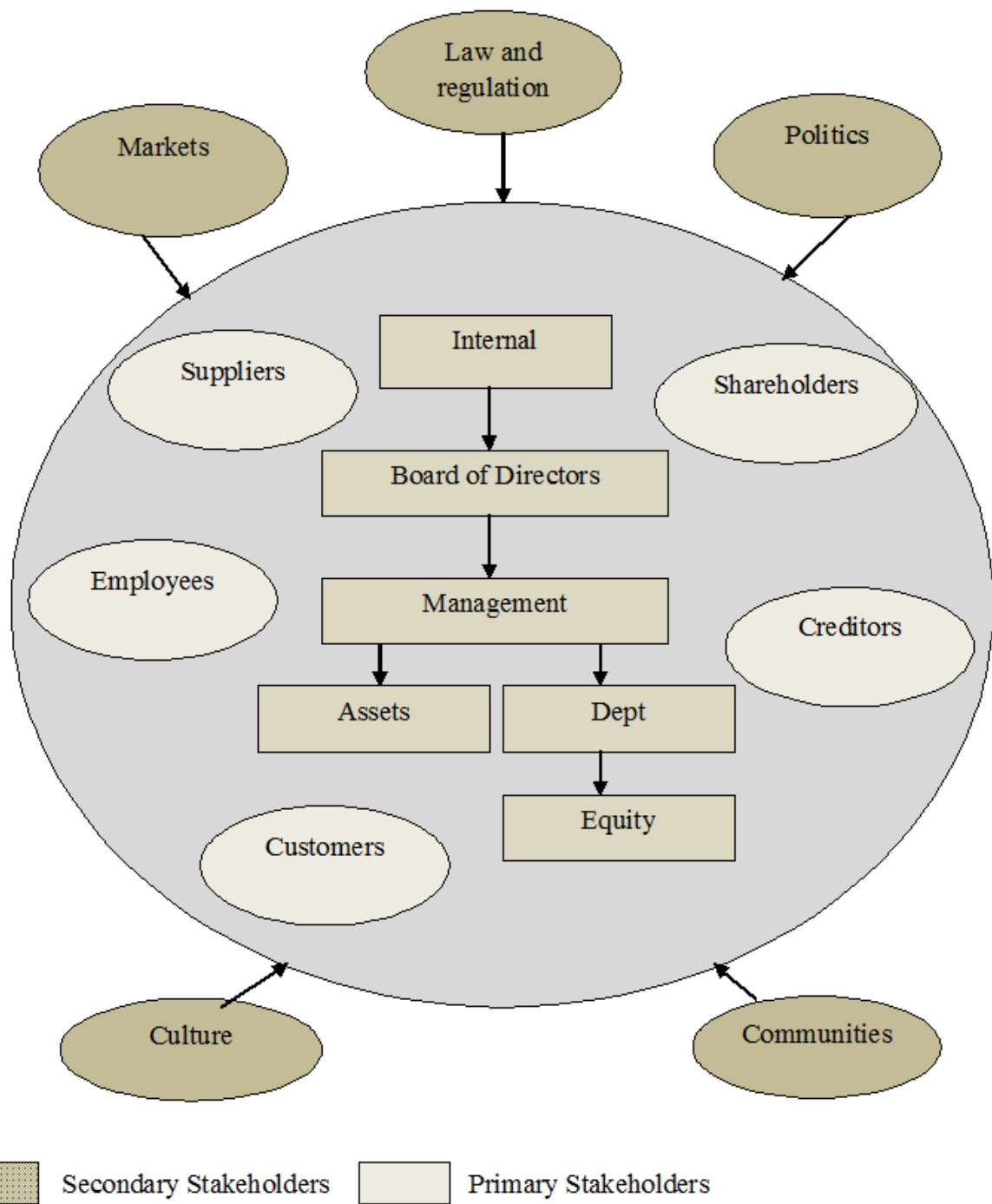


Figure 5: Corporate governance. Adapted from Gillan (2006): 383.

Section three

3.1 Financial performance and value creation prediction

According to Cameron et al. (2006), in addition to creating value, the CVF helps as a method to measure and predict financial performance. They suggest that, the CVF framework show a contemporary correlation with market value to book value ratios of firms and thus, the framework correlates more in value with stock market valuation than other well known measures, such as Balanced Scorecard and Economic Value Added.

So, this implies that, the *CVF* framework is a better method used to measure firm performance which is positively related to firms' value and with *Tobin's q*.

3.2 Competing Values and stock market

The Competing Values Framework (CVF) has been used to explain company performance in each of the quadrant and Cameron et al. (2006) have carried out a research by looking into the relationship of the CVF with shareholder value. They have found that, there is high correlation between the elements of the CVF and the Tobins Q (market value to book value ratios) of companies in the Stock Exchange. Furthermore, Cameron et al. (2006) argue that, the CVF is a powerful tool that helps predict future values of companies in the market. Moreover, it revealed that, the CVF explains what the stock market takes into account of value in pricing companies. If the stock market is efficient it could be true to state that, the market sees beyond firm's financial performance and looks into its strengths to deliver better future performance.

This result shows that, the *CVF* has a significantly strong impact on the future values of companies in the market. Therefore, it can be deduced that, there is a significantly strong relationship between the *CVF* and the *Tobin's q*.

3.3 The model of Corporate Governance

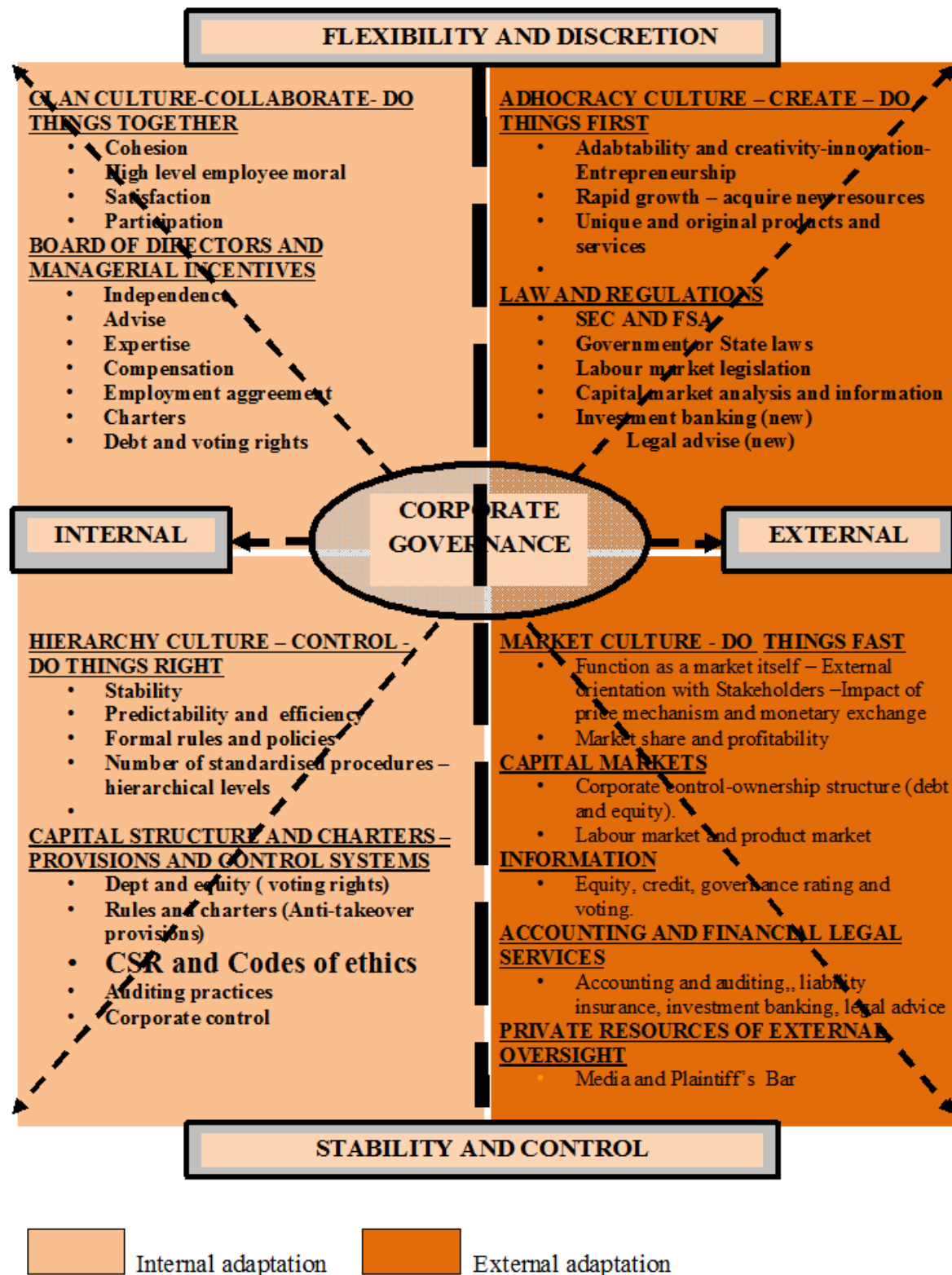


Figure 1: A more comprehensive picture of Corporate Governance. The model of Corporate Governance regarding the modern legal environment.

The model is constructed by employing the core dimensions of the Competing Values Framework (CVF) which are, Collaborate, Control, Create and Compete for establishing the right corporate culture to create social value and employing the core dimensions of Corporate Legality (corporate governance regulations) which are, Board of Directors and Managerial Incentives, Capital Structure Provisions and Control Systems, Laws and Regulations, and Capital Markets to create financial value. The quality of the CSR is assessed under internal capital structure provisions and control system of a company and is complementary with the core dimension of the CVF Control.

With this model, researchers may aim to explore, the quality of flexibility and discretion and stability and control practices of companies in terms of their CSR and CG. The other models of incentives for CG practices have been extensively reviewed by Berkowitz *et al.* (2003); Beck *et al.* (2003); Ararat, M. and Ugur, M. (2003); Bebhuk *et al.* (2004); Klapper, F. and Love, I (2004); Licht *et al.* (2005); Gillan, L. S. (2006); Cornett *et al.* (2008); Samaha *et al.* (2012); Gupta *et al.* (2013) in literature.

Discussion

The overall study revealed that, a company working closely with the community would increase participation and in return may create a successful brand loyalty that would lead to its success. The high quality sustainable Corporate Social Responsibility and Corporate Governance will provide the right direction in terms of good relationship with people surrounding the company. On the other hand, the authors and the researchers of the stakeholder model of implementing a social responsibility in marketing suggest that, the model has an integrated stakeholder orientation and has provided a strong framework in terms of marketing. Stakeholders whether they are primary or secondary stakeholders are important to deal with. The research conducted by Maignan *et al.* (2005) had results that revealed the following:

- Social responsibility practices are aimed at addressing stakeholder issues
- It is essential that organisations are engaged in measuring the change (minimising) of these concerns
- Blend these changes in organizational values, norms and practices
- Implementing shared values and norms relating to CSR

(Maignan *et al.* 2005:974).

On the other hand, in order to establish greater understanding of corporate governance framework then looked into the process as a system taking into account the corporate culture and the corporate legality together with the aspects of the environment in order to establish the modern legal framework for corporate governance. Various scholars and researchers work were examined, and, it was clearly evident that, the relationship between law and culture was important regarding corporate governance, Licht *et al.* (2005). Furthermore, the study stressed the importance of stakeholders' needs and expectations. It was argued that, organisations internally and externally have to create a framework in order to satisfy the needs and expectations of various stakeholders and, able to closely work together to find ways to implement rules and regulations. Hence, work closely with social actors and policy makers to create a better corporate governance provisions, Maignan *et al.* (2005):962. Thus, corporations should create a stakeholder issue solving indicators by establishing a Corporate Social Responsibility. Essentially the paper pointed out that, (McBarnet, 2009:1) CSR involves a shift in the focus of corporate responsibility from profit maximisation. For shareholders within the obligations of law to responsibility to a broader range of stakeholders including communal, such as protection of the environment, accountability on ethical as well as legal obligations.

From these given implications it could be noted that, the present study of the stakeholder model of implementing social responsibility in marketing proved that social responsibility practices are aimed in addressing stakeholders' issues. Therefore, CSR is essential for every organisation in order to succeed within the competitive environment. Thus, the constructed model of corporate governance framework has pointed out the need for CSR and codes of ethics for better company performance.

Conclusion

The aim of the study stressed the importance of better corporate social responsibility and corporate governance by establishing a more comprehensive picture of corporate governance framework for better corporate culture. For this reason, the importance of the corporate social responsibility and the corporate governance was explained. Also, the importance of a better management in need at firm level was stressed such as, protection, regulations for investors becoming a priority for politicians in order to implement a new legal and judicial system in need to make better governing companies in relation to internal and external environment.

To make better understanding of the aim of the study, the eight step stakeholders model of CSR was used which provides a foundation for creating an organisational recognition based on the stakeholders values and norms.

The CSR has significantly become inevitable instrument because, it's practice is aimed at addressing stakeholders issues and a company may achieve success if its activities are based on more social projects by creating more social value.

The rightness of company's vision and strategies may confirm the eight step of stakeholders model surrounding CSR decisions. However, Maignan et al. (2005: 974) argued that, refuting the management of CSR will lead to mismanagement.

On the other hand, the model of corporate governance framework seems to support the view that, high quality and sustainable CSR and CG is associated with better company performance in terms of creating social value as well as financial value which could be used to be measured by future researchers.

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The Relationship between Chemistry, Solar Cell and Social Responsibility, Özgül Birel, Hakan Duman

¹Luleburgaz Higher Vocational School, Kırklareli University, Luleburgaz, 39760, Kırklareli-Turkey

²Chemistry Department, Faculty of Science, Muğla Sıtkı Koçman University, 48000, Muğla-Turkey

E-mail : ozgurbirel@mu.edu.tr

Abstract

The purpose of this paper is briefly to explain the relationship between chemistry, solar cell and social responsibility. Energy is essential for economic and social development. The world is under the threat of global warming because of using non-renewable energy such as fossil fuels. The non-renewable sources of energy will be depleted one day. So, it is needed to use renewable energy sources such as solar, wind, geothermal energy. Renewable energy which has low carbon dioxide emission is clean energy. The solar energy is the major renewable energy source. The ultimate source of all energy on earth is the sun. Solar energy comes directly from the power of the sun and is used to produce electricity, to produce heat, and for light. Solar energy is easily available all around the world. Solar cells, also called photovoltaic cells, are electronic devices used to generate electricity directly from sunlight. Chemistry knowledge and chemicals are used in preparation of solar cell devices. Solar cells which have high energy efficiency are used to make life easier in modern society consuming large amounts of energy.

Key words: Chemistry, solar cell, social responsibility

Introduction

Chemistry and energy are important in our daily lives. Chemical reactions are everywhere in nature. We need energy to sustain our life. It is clear that energy requirement is essential when basic human needs such as lighting, cooking, space comfort, communication, cooling drinks and foods are considered (Moomaw, 2011). Increasing energy demands, depletion of the carbon-based energy sources, and global warming have led to the interests in renewable energy sources. Sunlight provides a clean, safe, renewable and economic energy source for people. The Sun which is clean and cheap energy is already used by nature to sustain almost all life on Earth. Unlimited source of clean energy is used for solar cells to generate electricity directly from sunlight. Energy is a significant factor for economic development and social prosperity of countries. The relationships between chemistry, solar cells and social responsibility are to use clean energy, increase productivity of energy for solar cell, produce suitable materials for solar cell efficiency, and encourage consumers' using energy efficient products. And dye-sensitized solar cells (DSSC) have a significant potential as low-cost devices for generating electricity (Lee, 2009, Nazeeruddin, 2011).

Chemistry-Energy

Some chemical reactions take place in human body. Also, chemical reactions are everywhere in nature. For example; photosynthesis, synthesis of Vitamin D, digestion process, aerobic respiration, anaerobic respiration. Protein is the major functional and structural component of all the cells of the body. The basic unit of protein is amino acids. Proteins are synthesized from amino acids containing $-NH_2$ and $-COOH$ groups. Energy which is the capacity to do work is one of the most fundamental parts of our lives.

There are two types of energy known renewable and non-renewable. Several concerns arise from the utilization of non-renewable energy resources, such as insufficient supply energy sources, and other factors related to health and environmental issues such as air pollution, carbon dioxide emission and green house effects. We know that fossil fuels which are non-renewable are limited and will be depleted one day. The use of fossil fuels has contributed to the recent increase in the greenhouse gas effect and CO_2 emissions, as well as global warming (Abdullah, 2014). Therefore, researchers started to use renewable energy sources (Ahmad, 2015).

Renewable energy is an energy that comes from sources that are naturally replenished (Marcellus Shale, 2011). Renewable energy technologies produce cost-effective energy by converting crude form of energy into useful forms (Dubey, 2014). Solar light is the most important source of regenerative energy (Meissner, 1991). Sunlight provides a clean, safe, renewable and economic energy source for people. Also, the sun is the source of all life on the Earth. Solar energy is the most abundant of all energy resources. Advantages of solar energy are that it is unlimited supply and cause no air and water pollution. Energy is essential for economic and social development and improved quality of life (Kaygusuz, 2003). Home heating and producing electricity are primary areas of utilization of solar energy.

The solar energy potential of TURKEY is shown in figure 1. Turkey has a high potential for solar energy due to its advantageous geographical position (Topkaya, 2012). Turkey is located between Europe and Asia, bordering the Mediterranean, Aegean and Black Seas. Turkey is making an effort to use of its geographic location as a transit country (Çapık, 2012).

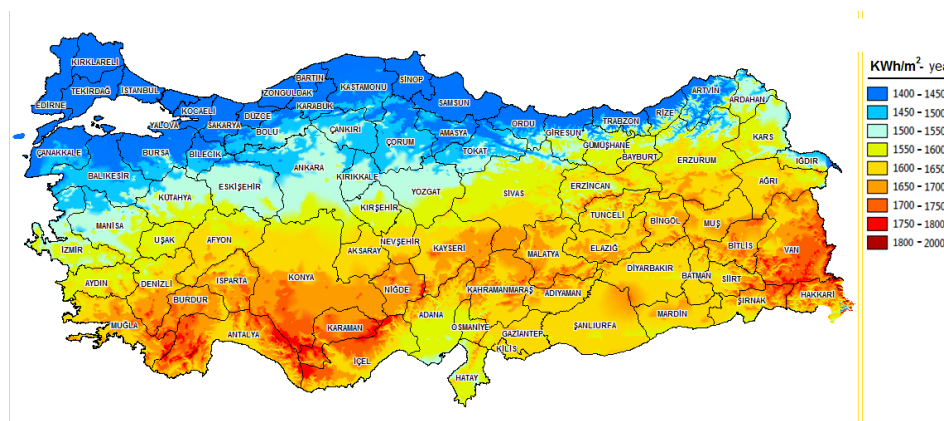


Figure1. Solar energy potential map of TURKEY (Demir, 2012)

Solar Cell

Solar cells, also called photovoltaic cells, are solid electronic devices used to generate electricity directly from sunlight by using an unlimited source of clean energy (Birel,2015). The main goal of all energy transformations is to provide energy services that improve quality of life (Sims, 2007). The typical solar cell consists of titanium dioxide (TiO_2), dye called as sensitizer, an electrolyte as shown in figure 2. Chemistry is used in preparing solar cell device. TiO_2 , dye and electrolyte are chemicals. Also, chemistry knowledge is needed to understand the working principle of solar cell. After illuminating with sun light, electron movements start. When illuminated, light is absorbed by the dye adsorbed on the surface of the TiO_2 transparent film. It leads to the excited sensitizer. Excited sensitizer transfers an electron within a short time into the conduction band of the semiconductor, TiO_2 . This leads to an effective charge separation. The injected electron flows through the semiconductor network to arrive at the back contact and then through the external load to the counter electrode to reduce the redox mediator. The oxidized sensitizer is regenerated by accepting electrons from the iodide ion. The triiodide redox mediator diffuses towards the counter electrode and is reduced to iodide. This completes the circuit (Birel, 2015). Organic solar cells appear to be a highly promising and cost-effective alternative for the photovoltaic energy sector (Mishra, 2009).

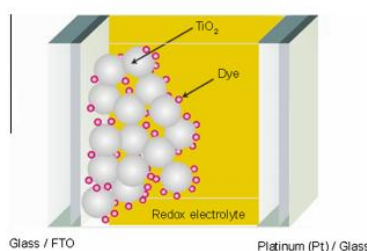


Figure 2. Typical structure of dye sensitized solar cell (Ahmad,2015)

The relationships between chemistry, solar cell and social responsibility

The relationships between chemistry, solar cells and social responsibility are to use clean energy, increase productivity of energy for solar cell, produce suitable materials for solar cell efficiency, and encourage consumers' using energy efficient products.

Energy is a significant factor for economic development and social prosperity of countries. As human society requires more energy, the lack of fossil energy and its pollution on the environment has given rise to a serious contradiction among energy provision, environment protection and economic development. Therefore, renewable energy such as solar, wind, hydropower, and biomass and geothermal are potential sources to meet global energy requirements (Çapık, 2012).

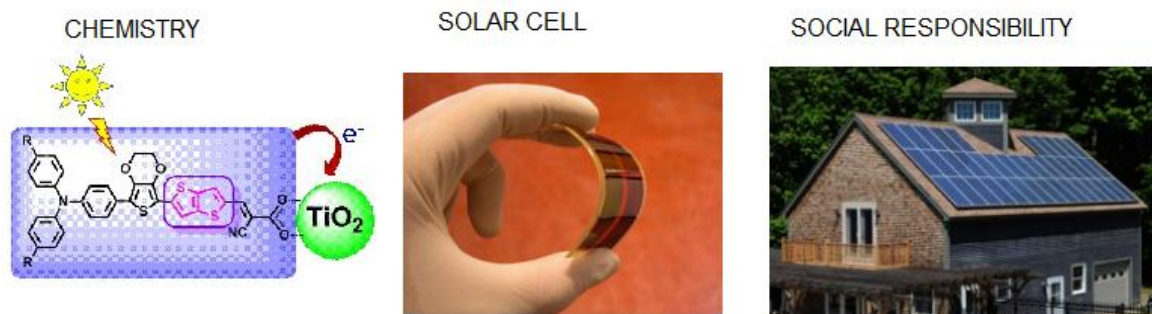


Figure 3. Schematic illustration of relationship between chemistry, solar cell and social responsibility (Kumaresan, 2014; Glowack, 2012; Report, 2013)

Organic or inorganic chemicals are used to prepare solar cell device. Photovoltaic cell is inexhaustible, does not lead to secondary environmental pollution, has no exhaust that produces green-house gases, and has zero nuclear waste by-products (Ahmad, 2015). Also, it is important to lower the cost of electricity produced from photovoltaic cell technology.

Pollution depends on energy consumption (Kalogirou, 2004). Global warming is the increase of Earth's average surface temperature due to the effect of greenhouse gases. Greenhouse gases are carbon dioxide, methane, nitrous oxide, ozone, chlorofluorocarbons and water vapor. Due to the consumption of fossil fuels such as coal and oil, increased levels of greenhouse gases in the atmosphere are causing higher global temperatures. So, the world is under the threat of global warming. Global warming can lead to increased flooding, sea level rise, serious storms and heat waves. Extreme storms harm public health (pollen allergen) and air quality. Global warming's effects are floods, storms, heat waves, air pollution, water-borne infections, sea-level rise. Briefly, the reflections of global warming on daily life are seen as climate change and drought signals. Studies of the production of clean, sustainable and low-cost energy have gained speed because of the reasons such as limitation of fossil fuel resources and increasing the amount of money to be paid to purchase this energy type. For this purpose, solar cells which convert solar energy to usable energy have become the focus of attention.

Generally, the social benefits of solar energy systems can be divided into three categories: energy saving, generation of new working posts and decrease of environmental pollution. One area that seems to be of considerable importance in many countries is the ability of solar energy technologies to generate jobs as a means of economic development of a country. The most important benefit of renewable energy systems is the decrease of environmental pollution. This is achieved by reduction of the air emissions due to the substitution of electricity and conventional fuels. The most important effects of air pollutants on the human and natural environment are their impact on public health, on agriculture, on buildings and historical monuments and on forests and ecosystems (Kalogirou, 2004).

With solar electricity generation, no fuel is consumed, no pollution and no green house gas are created. It is great promise for solving global warming.

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Investigation of Integrated Reporting As a New Approach of Corporate Reporting, Burcu Demirel Utku, Ibrahim Erol

Abstract

Considering the last four years, there have been developments in the field of financial, social, environmental and ethical reporting. Integrated reporting which shows these reporting's relationship with each other will play an important role in gaining the loyalty of shareholders (stockholders) and other stakeholders (employees, creditors, directors, government, etc.) whom expectations are growing about transparency and accountability. When we looked at the development of integrated reporting and CR (Corporate Reporting), since integrated reporting has complicated theoretical background, organizations have difficulties to understand whether their report is an integrated one. So in this study we tried to reveal basic principles, theoretical background and development process of integrated reporting. We looked at globally the development of integrated reporting between the years 1999-2015 on GRI (Global Reporting Initiative) database and prepared visual tables showing the development of IR (Integrated Reporting) aiming to create positive contribute to CR literature.

Key Words: Integrated Reporting, Transparency, GRI, Sustainability

Introduction

Annual financial reports prepared by conventional methods are particularly far from meeting the rapidly changing market expectations, for containing retrospective financial performance information.

With this aspect, annual reports prepared by conventional methods, cannot meet expectations of stakeholders and potential investors whom environmental and social awareness has increased significantly and who want firms to be more transparent. Therefore, an innovative reporting requirement is needed beyond the annual report.

At this point, sustainability concept which finds more space on literature in Brundtland Report declared by the World Commission on Environment and Development in 1987 has emerged. The sustainability concept was born on corporate life as name of sustainability report under the umbrella of corporate social responsibility concepts. Sustainability reporting (SR) help companies to set targets for a sustainable global economy, measure the performance and change the methods. In addition, SR can be defined as a process which combines long-term profitability, compliance with social responsibility and environmental care. Accepting superior and primary of shareholders (stockholders) and other

stakeholders' (employees, creditors, directors, government, etc.) expectations is the driving force of SR but this reporting has some missing sides.

Sustainability reports sometimes are published in the annual reports or usually in additional part and It does not allow us to decide on a company alone since it makes predictions for the future and do not contain sufficient financial statements data. According to Dumitru and Jinga (2015); *"Yet, the correlation between financial and nonfinancial information in these reports is low"*.

There is a need for other innovative solutions for the lacking sides of SR and so integrated reporting come to the consideration. Integrated reporting set off from the driving force of sustainability reporting and adds it the features of bringing together and providing a meaningful way. Therefore, integrated reporting is not a combination of the traditional annual reports and sustainability report or summary of annual reports.

Integrated Report is a new trend of reporting that contains the data of SR and annual reports and establish the links between them. Cozma and Ighiu (2015) has been declared integrated reporting as the future of financial reporting and stated the picture offered by reporting as follows; *"...integrated reporting means a new step of corporate reporting, given that, in order to provide a comprehensive picture of the activity carried out by a given corporation, this type of reporting will include both the traditional part – the financial data – and a non-financial part presenting information about sustainability and long-term development, as well as the impact of the activity on the environment, human capital and social responsibility"*.

Integrated reporting maintains many reports within sustainability reports, environmental reports issued in the name of social responsibility reports. Therefore, it is also known as One Report. According to IIRC (International Integrated Reporting Council) Chairman Prof. Mervyn E. King *"... factors such as the situation of the world, today's consumers, new capitalist perspective, company identity and reputation, advantages in terms of competition, more informed administration, and market power are regarded to be the factors that direct reporting"* King (2013). In the studies of Mustata et al.(2012) conducted in 2012, although they explained the market value of the companies in S&P list with 83% financial and tangible assets in 1975, they indicated that this number dropped to 19% in 2009.

These rates show us that traditional annual reports containing only financial information is not any more enough to explain market value of companies by oneself. Similar results also were obtained in different studies. For example the results of the study committed by PWC in 2012 is as follows; *"In the future, the success of companies will depend more and more on their ability to create value without depleting resources of any kind, whether natural, social, human or financial. Stakeholders will increasingly look for information on how companies connect their business*

strategy with their financial and nonfinancial performance” PWC (2012). A similar statement by EY took part in the study in 2014; *“In the last 35 years, the market value of organizations has slowly shifted from a price based largely on tangible assets to greater emphasis on intangible assets. The concept of value has fundamentally changed, and with it the dynamics of the global economy”* EY (2014).

Integrated reporting in Turkey has gained momentum as parallel to the global progress. In this context, the Association of Sustainable Progress (ASP) and Institutional Administration Association of Turkey (IAAT) have collaborated with IIRC, and they have pioneered the establishment of Integrated Reporting Platform, addressing Turkish business world. One of the major duties of this platform is to create awareness in Turkish business world in the matter of integrated reporting TKYD (2013). According to 2014 article of Yaz *“... the leg of the integrated reporting in real sector in this country is represented by Çimsa Cement Co. and Garanti Bank Co.”* Yaz (2014). In 2013, Turkey has risen to the market level that is cared the most along with America and Brazil in the matter of integrated reporting TKYD (2013).

Background of integrated reporting

Emergence of integrated reporting idea coincides with the year 2009. This reporting technique has only a 6-year background. The meeting where this idea emerged was held in the leadership of Prince Charles of Wales and as a result it has led to the emergence of IIRC as well. Established in 2010 IIRC, states its organizational objectives as follows; *“...to enable integrated reporting to be embedded into mainstream business practice in the public and private sectors”* (integratedreporting.org).

Integrated reporting which is seen as a new step of corporate reporting has been defined by IIRC as follows: *“...Integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term”* IIRC (2013). This type of reporting combines financial and non-financial performance in a single report to show how the firm maximizes value by serving the interest of not just providers of finance, but all stakeholders such as customers, suppliers, employees, government and local communities Jhunjhunwala (2014).

Integrated Reporting has a structure to report the financial and non-financial data of a company, in a more correct expression, the financial and non-financial performance of a company, with a single report in order to provide the information requested by all stakeholders of companies Jhunjhunwala (2014). *“...An integrated report is intended to be more than a summary of information in other communications (e.g., financial statements, a sustainability report, analyst*

calls, or on a website); rather, it makes explicit the connectivity of information to communicate how value is created over time” IIRC (2013).

The first framework for integrated reporting was published in December 2013. This framework does not present an obligation for companies. The framework contains only encouraging referrals to firms about making integrated reporting. Until December 2013 reached IIRC has done some work about integrated reporting. In 2011, IIRC published its first discussion paper under the name “Towards Integrated Reporting – Communicating Value in the 21st Century” IIRC (2011). Following this, 214 respondents stated their opinions about the matter to IIRC in December 2011. Reuter and Messner studied the opinions of these respondents in detail in their 2015 study and explained the respondents as follows; *“The respondents include standard-setters, companies, professional bodies, accounting firms, coalitions, stock-exchanges, not-for-profit organizations and academics”* Reuter and Messner (2015). In December 2013, IIRC conducted a pilot study with 25 volunteer companies including 2 Turkish companies (Garanti Bank and Cimsa). Busco et al. (2014) mentioned this pilot study and companies included in this study in their 2014 articles. According to the writers, *“...this framework is currently inspiring a large number of companies across the globe (Microsoft, PepsiCo, Southwest Airlines, Unilever, Danone, Eni, Coca-Cola, Volvo, BASF, HSBC, Natura, SAP, and Repsol, to name a few) as they pioneer the adoption of IR across different industries and regions”* Busco et al. (2014). IIRC has a goal to form a new structure for institutional reporting and in order to reach this goal, it conducts joint studies with the chairmen of organizations including FASB², IASB³, and AICPA⁴ and with many number of profession members and academicians Fried et al. (2014).

According to IIRC Chairman Prof. Mervyn E. King, *“...interaction between entities such as people, technology, capital and network in modern economy increases gradually and this enables value creation. The manner of integrated reporting is interested in rather than how much money a company earns but in how this money is won and focuses on the effect created by financial, social and environmental pains as making money. Primarily, in contrast to the more traditional financial reporting that focuses on financial matters, integrated reporting improves the effect of a company on society, environment and finance and illustrates how value creation is sustained”* King (2014). This value creation process that the integrated reporting focuses is a quite active process. It is necessary that each factor included in this process and the relationship of these factors with the others is examined in a certain order. This examination improves all factors that

² Financial Accounting Standards Board

³ International Accounting Standards Board

⁴ American Institute of CPAs

are in interaction in other words in a relationship and clears the path going to the revision IIRC (2013).

Previous Studies about Integrated Reporting and Purpose of This Paper

The literature is quite new in the idea of the integrated reporting concept which appeared in 2009. Table 1 summarizes the main points are mentioned some of the writers working in this field of research.

Table 1: Brief Literature of IR

Benefits to companies and stakeholders of integrated reporting	Kaya, (2015) - Turkey
	Yanik and Turker (2012)- Turkey
	Karğın et al. (2013) - Turkey
	Ioana and Adriana (2013)
Framework of IR, development process of IR and benefits or opportunities of IR for future	Bernt et al. (2014)
	Monterio (2014)
	Wulf et al. (2014)
	Cozma Ighian (2015)
	Farcaş(2015)
The relationship of sustainability and integrated reporting	James (2013 and 2014)
The relationship of integrated reporting and stakeholder management	Vorster and Marais (2014)
	Vorster and Marais (2014)
	Dumitru and Jinga (2015)
Case studies about integrated reporting	Veltri and Silvestri (2015)
	Lodhia (2015)
	Adams (2015)
	Flower (2015)
	Thomson (2015)
Studies and organizational structure of IIRC	Reuter and Messner (2015)
	Soyka (2013)
	Abeysekera (2013)
Outline the concept of integrated reporting and to propose A template for integrated reporting in organizations	

As seen in table 1, quietly new on the world literature integrated reporting has very few studies in Turkey. The common feature of these studies is to promote the concept of integrated reporting framework. The aim of the study is to determine numerically the distribution of the companies which claims to publish integrated reporting, by their sizes, regions and sectors. Tables prepared for this purpose will contribute to the existing literature by making situation analysis with quantitative data.

Basic Principles, Theoretical Background and Benefits of Integrated Reporting

A particular characteristic of integrated reporting is that it lacks a standard format KPMG (2011). IIRC suggests seven guiding principles to be included in the integrated reports and eight content elements supporting these principles and connected with each other (table 2).

Table 2: Guiding Principles and Content Elements for IR

Guiding Principles	Content Elements
<i>Strategic Focus And Future Orientation</i>	<i>Organizational overview and external environment</i>
<i>Connectivity Of Information</i>	<i>Governance</i>
<i>Stakeholder Relationships</i>	<i>Business Model</i>
<i>Materiality</i>	<i>Risks And Opportunities</i>
<i>Conciseness</i>	<i>Strategy And Resource Allocation</i>
<i>Reliability And Completeness</i>	<i>Performance</i>
<i>Consistency And Comparability</i>	<i>Outlook</i>
	<i>Basis Of Presentation</i>

These guiding principles give opportunities for companies to have advantages of the proposed solutions in table 3. If we talk about integrated reporting benefits, with the guiding principles' solutions, firms have better way to communicate with stakeholders. They experience new and better understanding of how they create value and they significantly change what they measured or had plans to do so in the future. They have opportunities to satisfy the socially responsible investors and they can lower reputational risk, because of the better communications with all stakeholders IIRC (2013).

Table 3: The Solutions of IR by Its Guiding Principles

Guiding Principles	Solutions
<i>Strategic Focus And Future Orientation</i>	An integrated report should offer inspiration into the organization's policy and with using capitals, it should create value
<i>Connectivity Of Information</i>	An integrated report should connect and combine company information and draw a holistic view of strategy and performance
<i>Stakeholder Relationships</i>	An integrated report should satisfy the expectations of individuals consumers and business customers and lower the reputational risk because of communications with all stakeholders
<i>Materiality</i>	An integrated report should provide a better understanding of and consensus about the substantively effective material metrics
<i>Conciseness</i>	An integrated report should be concise for better understanding
<i>Reliability And Completeness</i>	An integrated report should ensure and assure the real data for building

Although they are not located in IR, some capital definitions are made in order to support integrated reporting theoretical base in the framework. According to this framework IIRC (2013); *the capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization. In many cases, whether the net effect is an increase or decrease (or neither, i.e., when value is preserved) will depend on the perspective chosen.*

Because the framework is built on value creation process by concept of capital, we think it will be beneficial to define the capital concepts. They can be defined as follows:

Financial Capital The money box for funds that for use the production of goods or the provision of services

Human Capital Intangible capital concept including abilities of people who have skills, experience, and motivation to innovate

Manufactured Capital Manufactured physical objects (as distinct from natural physical objects) that are available to the organization and presented for usage for product manufacturing of a company **Intellectual Capital** Intangible assets that are difficult to measure and provide competitive advantage.

Social and Relationship Capital The interaction established with group of shareholders and other stakeholder to create shared prosperity network which together support the business model.

Natural Capital The renewable and non-renewable natural resources and processes that a company has or will have, including air, land, water, biodiversity, eco-system health, and natural sources of energy Adams and Simnett (2011).

These capital concepts can be defined differently according to each company, but they have important role on value creation process in every company. Thus, value creation process is defined in the IIRC report as follows: *the process that results in increases, decreases or transformations of the capitals caused by the organization's business activities and outputs* IIRC (2013).

The relationship between capital components can be simply illustrated as follows: An organization's financial capital is increased when it makes a profit. Then organization spent money to educate company employees. When employees become better trained, the quality of its

human capital is improved but the related training costs reduce its financial capital. The effect is that financial capital has been transformed into human capital. If employees use newly acquired skills to contribute to community organization, increase to social capital may occur and so it demonstrates the continuous interaction and transformation between the capitals, although varying rates and outcomes IIRC (2013). Value is created for the organization when it creates value for other stakeholders and although organizations do not have to reveal this holistic picture, they should not ignore that integrated reporting has important relationship with capitals on process of value creation Jhunjhunwala (2014).

Objective of the Study and Research Findings

This study is carried out for evaluation of the development process in the world of integrated reporting, which gained momentum during the recent years for especially global companies, based on some factors. Table 8 and Figure 2 have been prepared in the study scope. The data that were necessary in the stage of table and graph making were compiled and obtained from sustainability disclosure database of GRI (Global Reporting Initiative). The GRI is known intercontinental as an independent institution that issues worldwide standards on how to elaborate sustainability reports Sierra-Garcia et al. (2013). All of the data (except for sector distribution) were examined based on years between 1999 and July 2015. The years were chosen since database starts at 1999 and this year range is best range for seeing the development of corporate social reporting. In order to compare sustainability reporting process with integrated reporting, we chose the 1999 as the starting year (table 4) for IR.

Table 4: Distribution of sustainability reports and integrated reports (1999-2015)

Years	IR	SR	SR TYPES						
			GRI-G1	GRI-G2	GRI-G3	GRI-G3.1	GRI-G4	GRI-Ref	Non-GRI
2015	165	848	0	0	53	77	265	56	108
2014	480	4789	0	0	718	1394	1108	474	1095
2013	592	4438	0	0	1173	1861	58	451	895
2012	709	3981	0	0	1441	1262	0	432	846
2011	598	3396	0	0	2129	278	0	319	670
2010	290	2225	0	0	2023	1	0	53	148
2009	190	1673	0	1	1565	0	0	27	80
2008	38	1243	0	22	1149	0	0	23	49
2007	18	781	0	148	588	0	0	14	31
2006	13	562	0	433	102	0	0	8	19
2005	8	403	6	378	0	0	0	4	15
2004	4	294	1	283	0	0	0	0	10
2003	1	171	21	145	0	0	0	1	4
2002	1	150	107	40	0	0	0	1	2
2001	0	125	118	6	0	0	0	0	1
2000	0	44	43	0	0	0	0	0	1
1999	0	11	11	0	0	0	0	0	0
TOTAL	3107	25134	307	1456	10941	4873	1431	1863	3974

Table data were gathered and arranged from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

Table 4 shows how many sustainability reports (SR) are issued in the world as registered to GRI database (column 2) during the period between 1999 and July 2015, how many integrated reports (IR) are issued (column 1), and the issued sustainability reports are issued based on which GRI's report type (columns 3-9). Sustainability reports and integrated reports are given together in the table. The reason for this is that the two reporting types have close relationship with each other and because of having older history compared to the integrated reporting; sustainability reports are numerically more than IRs. We would like to explain this relationship with the words of Prof. Mervyn King, who was the retired chairman of GRI in the fourth of Global Reporting Initiative Conferences held in Amsterdam on May 22-24, 2014 with the theme of information, innovation and integration, and IIRC chairman; "...it is not possible for companies who don't have correct and effective sustainability reporting processes to make an integrated reporting. G4 guidance will play an important role for financial capital providers to overcome the path going to the integrated reporting in terms of giving a more clear idea for short, medium and long term values of the companies" Gökmen (2013).

According to Table 4, 25.134 sustainability reports (SR) have been published in the world until July 2015. 10.941 of these reports corresponding to 44% is GRI-G3 which is the mostly preferred report type. G4 was published in 2013, and turned out to be the second mostly preferred

report in 2014 and the first mostly preferred report type in 2015. The sustainability reports we call non-GRI are reports that are made other than GRI sustainability report types (UNGC Progress Report, CSR Report, Progress Report etc.). As it is already known, GRI has some report types prepared for sustainability reports. These are: G1 which was published in 2000, G2 which was published in 2002, G3 and G3.1 which were published in 2006 and G4 which is known as the last reporting type and was published in 2013. These reporting types can be selected based on preference, and they have to be published in G4 type as of 31.12.2015. Except for G4, there are A, B and C applications levels in each report types. However, not to be drifted far from our topic, it will be right to return to the information (IR) included in especially column 1. The 1st column in Table 4 shows the number of integrated reports made in the world during 1999-2015 (July). A total of a 17-yr period has been examined and 3107 integrated reports have been encountered. As we mentioned above, integrated reporting idea emerged in 2009 and the first framework for integrated reporting was published in December 2013. There are many studies conducted by IIRC about the integrated reporting during 2009-2013 (public opinion polls, pilot studies, etc.). If we study the table according to these dates; there is no integrated report made during 1999-2002. Integrated reporting number during the period from 2002 until 2009 is extremely low rates (0.03% in 2002 and 2003, 0.12% in 2004, 0.25% in 2005, 0.41% in 2006, 0.57% in 2007, and 1.2% in 2008). It is observed that along with taking a significant step for the formation of integrated reporting in 2009, the interest of the companies on the matter has increased. The rate of the integrated reporting made in 2009 is 6.1%. In 2009, an expected jump was experienced in comparison to the previous years. After 2009 until 2013, there is a tendency for the increase of integrated reporting number (9.3% in 2010, 19.2% in 2011, and 22.8% in 2012). During these years, integrated reporting framework had not yet reported however it seems like perception formation effort of IIRC between the companies gave a result. The year in which the integrated reporting was made the most was 2012. The number of integrated reports starting from 2012 tended to decrease. In 2013, IIRC published a framework for the first time for integrated reporting. However, it is challenging that there was a drop in 2013 in comparison to 2012 (19.05%) and it continued in 2014 (15.44%). This drop in 2013 brings to mind that the possibility that the framework published that year was confusing for the companies. It is argumentative what percentage of the reporting made without depending on a framework before 2013 was in fact an integrated reporting. Because for the reports published in GRI database to take the expression “it is an integrated report” depends on the placement of the expression that it is an integrated report by the company in other words it depends on the declaration of the company itself. Therefore, how many of these reports are really an integrated report can be a separate investigation topic.

The number of reports in 2015 is at a low level because the year has not ended yet (5.3%). However the rate 5.3% in the first half of the year signals that the progress will be in this direction in the second half of the year as well. If we think this way, it will not be difficult to state that the number of integrated reports published in 2015 will show a drop in comparison to 2014.

CLP Group environmental relations director Jeanne Chi Yun Ng explained the fact that integrated reporting is not preferred by companies as much as the sustainability report or it is a reporting approach demanding more care and study as follows; *“we need retrospective five year financial and sustainability data when integrated report is prepared and it is only possible to prepare our first integrated report this way”* Gökmen (2013).

In the fourth of the Global Reporting Initiative Conferences held in Amsterdam on May 22-24, 2013, a study was evaluated examining how many of the reports that are introduced as an ‘integrated report’ by people who prepared them on the report database of GRI during 2010-2012 are in fact has the characteristics of integrated reports and how the integrated reports in the world took shape, and significant results were obtained to direct our study as well. *“...according to the examination results of 756 reports which were prepared by taking the GRI guidance as a basis and indicated as ‘integrated’; 1-The reports were prepared by companies which operate mainly in South Africa, Netherlands, Brazil, Australia and Finland and primarily in financial services sector and in electric production, energy and mining sectors. 2-Only one third of the reports is related to sustainability clearly and established connection of financial information with each other and evaluated one with another. 3-Half of the reports gathered the sustainability and financial report, which are two separate reports, under a single cap without forming a connection between them”* Gökmen (2013). Based on these results, it will not be wrong to state that there is a long path for companies to go in the matter of integrated reporting.

Table 5: Distribution of IR number based on organization size (on yearly basis)

YEARS	IR	ORG. SIZE					
		SME		LARGE		MNE	
		n	%	n	%	n	%
2015	165	13	8	111	67	41	25
2014	480	44	9	347	72	89	19
2013	592	51	8	412	70	129	22
2012	709	67	10	491	69	151	21
2011	598	71	12	425	71	102	16
2010	290	37	13	207	71	46	16
2009	190	28	15	128	67	34	18
2008	38	4	10	27	71	7	18
2007	18	2	11	11	61	5	28
2006	13	2	16	6	46	5	38
2005	8	0	0	3	38	5	62
2004	4	0	0	1	25	3	75
2003	1	0	0	0	0	1	100
2002	1	0	0	0	0	1	100
2001	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0
TOTAL	3107	319	%10	2169	%70	619	%20

Table data have been gathered and arranged from the address <http://database.globalreporting.org/search> (dated 02.07.2015)

Figure 1: Distribution of IR number based on organization size (on yearly basis)

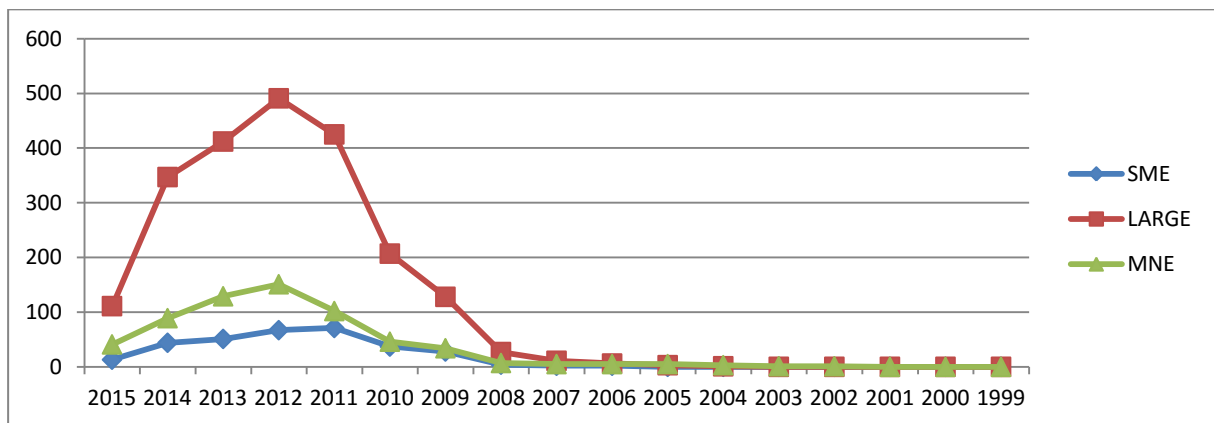


Table 5 and Figure 1, which make it more meaningful visually, show the distribution of IR number on yearly basis and based on organization size. When Table 5 is viewed, we can see that 70% of 3107 integrated reports were prepared and published by large companies, 20% by MNEs, and 10% by SMEs. Preference of integrated reports just like sustainability reports more by large businesses must be considered normal. As one explanation for the situation is that large companies carry out more activities and have greater impact on the public. Larger companies are also subject to greater inspection by various groups in society and therefore would be under

greater pressure to disclose their social activities to legitimize their business Haniffa and Cooke (2005). Although Bonson and Bednárová (2014) found no significant correlation between CSR and the company size, Haniffa and Cooke (2005) had found company size significant for CSR. So we agree with this point of Haniffa and Cooke (2005) since the number of integrated report of large companies is the most for most of the years. On the contrary, to be a very complicated operation of an integrated report, SMEs have difficulties to edit this report for publication.

Table 6: Distribution of IR number based on organization region (on yearly basis)

YEARS	IR	ORGANIZATIONS REGION											
		AFRICA		ASIA		EUROPE		LATIN AMERICA		NORT. AMER.		OCEANIA	
		n	%	n	%	n	%	n	%	n	%	n	%
2015	165	34	21	11	7	94	57	24	14	2	1	0	0
2014	480	211	44	39	9	151	31	43	9	16	3	20	4
2013	592	247	42	46	8	209	35	55	9	17	3	18	3
2012	709	238	35	89	13	263	37	40	6	26	4	53	7
2011	598	177	30	46	8	231	38	74	12	29	5	41	7
2010	290	32	11	24	8	149	51	43	15	15	6	27	9
2009	190	24	13	10	5	111	58	14	7	10	6	21	11
2008	38	3	8	3	8	21	56	4	10	2	5	5	13
2007	18	1	6	2	11	9	50	0	0	2	11	4	22
2006	13	1	8	1	8	6	46	0	0	2	15	3	23
2005	8	0	0	1	12.5	4	50	0	0	1	12.5	2	25
2004	4	1	25	0	0	1	25	0	0	1	25	1	25
2003	1	0	0	0	0	1	100	0	0	0	0	0	0
2002	1	0	0	0	0	0	0	0	0	0	0	1	100
2001	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	3107	969	%31	272	%9	1250	%40	297	%10	123	%4	196	%6

Table data were gathered and organized from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

Figure 2:
Distribution of IR number based on organization region (map illustration)

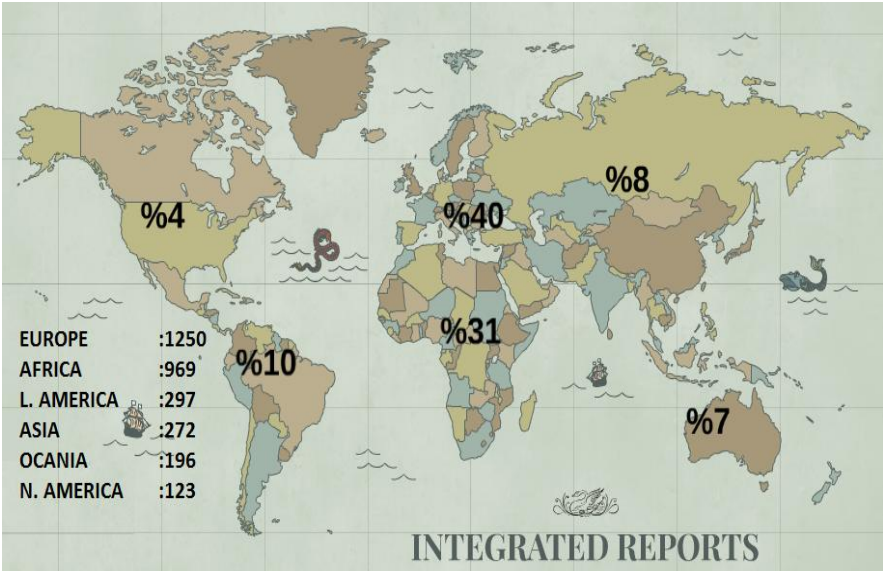


Table 6 and Figure 2, which make it more meaningful visually, show distribution of IR number according to the organization region on yearly basis. When Table 6 is considered, we can see that 40% of 3107 integrated reports during the interval of 1999-2005 were prepared and published in European region, 31% in Africa region, 10% in Latin America region, 9% in Asia region, 6% in Oceania region, and 4% in Northern America region. When the results are examined, it is clear that a very large portion of integrated reports that are published in the entire world is in European region. We can say that regulations and incentive studies of the EU conducted in both sustainability and integrated reporting gave favorable results. Eccles and Serafeim (2011) were done a research by getting some data from SAM (Sustainability Asset Management) and examine variations across countries. According to this research highly ranked countries for both environmental and social information score are European countries. In this case the situation is similar to the table 6. The region where integrated reporting number is second is Africa and as Sierra-Garcia et. al. (2013) said the region has one of the most integrated reports because of compulsory integrated reporting policy. Although Iona and Adriano (2013) argued voluntary or mandatory integrated reporting would be good for future, we agree with Eccles and Serafeim (2011) and think that integrated reporting process should be mandated. Ioannou and Serafeim (2011) have shown the benefits of mandatory reporting policy and as lived in Africa If the reporting process mandated positive results will emerge. As Eccles and Armbrester (2011) stated; *'every company should, and eventually will have to, practice integrated reporting and when integrated reporting become mandated, companies that have already started practicing integrated reporting will have advantages according to the companies that has never tried to prepare integrated report'*. Of course only the mandatory reporting policy is not effective because of other reasons. The investors' interest is important for publishing integrated reports for companies. Eccles and Serafeim (2011) were shown that there was a harmony between investor interest and environmental or social reporting in European Country and South Africa. As the last the region where integrated reporting number is the lowest is Northern America.

Table 7: Distribution of IR number according to the sectors

Sectors	n	%		n	%
Agriculture	18	0,59	Logistics	102	3,34
Automotive	38	1,24	Media	41	1,34
Aviation	46	1,51	Metals products	55	1,8
Chemicals	84	2,75	Mining	172	5,63
Commercial services	46	1,51	Non profit / services	119	3,9
Computer	16	0,52	Public agency	57	1,87
Conglomerates	70	2,29	Railroad	14	0,46
Construction	87	2,85	Real estate	160	5,24
Construction materials	100	3,27	Retailers	103	3,37
Consumer durables	20	0,65	Technology hardware	57	1,87
Energy	168	5,5	Telecommunications	107	3,5
Energy utilities	168	5,5	Textiles and apparel	21	0,69
Equipment	53	1,74	Tobacco	0	0
Financial services	490	16,04	Tourism /Leisure	51	1,67
Food and beverage prod.	128	4,19	Toys	0	0
Forest and paper products	49	1,6	Universities	16	0,52
Health care products	62	2,03	Waste management	25	0,82
Healthcare services	40	1,31	Waste utilities	41	1,34
Household and per. prod.	26	0,85	Others	204	6,68
			Total	3054	100

Table data have been gathered and arranged from the address

<http://database.globalreporting.org/search> this table was prepared as of 12.07.2015. Because GRI sustainability disclosure database are updated constantly, total integrated report number looks different in this table.

Table 8: Distribution of IR number according to the sectors (first ten sectors)

Row	First ten sectors (IR)	n	%
1	Financial services	490	16,04
2	Others	204	6,68
3	Mining	172	5,63
4	Energy	168	5,5
5	Energy utilities	168	5,5
6	Real estate	160	5,24
7	Food and beverage prod.	128	4,19
8	Nonprofit / services	119	3,9
9	Telecommunications	107	3,5
10	Retailers	103	3,37

Table 7 and Table 8, which is the complementary of it, show the distribution of IR number of companies publishing integrated reports according to the sectors. Table 8 was obtained from

Table 7 data and shows the first ten sectors which publish the most number of integrated reports. According to this, financial services sector is the sector which publishes integrated reports the most with 16.5% ratio. Companies included in the financial services sector stand out with many activities conducted in global sense and with innovative steps in reporting. For instance, as of 12.07.2015, based on *GRI sustainability disclosure database*, and based on 25.310 sustainability reports (GRI and non-GRI), again the financial services sector is the first sector with 3304 report number (13%).

The research done by Azim et. al. (2009) in Bangladesh shows that the financial services is leading sector to publish CSR reporting. Similarly many studies Outtles-Wenderley et al. (2008) and Ogrizek (2002) found link sector and CSR reporting and in these research the financial services rank at first and Energy sector is at first three Bonson and Bednárová (2014). At this point we are not surprised to see the same result about finance sector.

Conclusion

When we consider the countries and companies existing in the world, it will not be wrong to state that many large companies are effective on economy, stakeholders, etc. more than the governments of the countries. However, it is an inconvenience that companies still do not add social, environmental, etc. matter in their annual reports and do reporting only based on financial indicators and therefore based on past data. Today's companies are integrated into society. When large and global companies collapse, the effects of this situation concern millions of people King (2013).

A result with a characteristic supporting this idea of King which we agree can be obtained from the studies conducted on S&P 500 companies in 2013. According to the results of this study, although there is an explanation about the sustainability of 499 companies out of S&P 500 companies, data were found about integrated reporting in only 7 of these 500 companies, which corresponds to 1.4% IIRCI (2013). The reason behind it is not only the indifference of companies about this reporting for certain. The background of the studies on reporting and conceptual framework, etc. is new. We don't have any doubt that the interest in this reporting, which has a few years of past, will increase because IIRC has determined a quite intense study calendar on this matter.

In the present study, by gathering and using GRI databases, we scrutinized the state of companies on integrated reporting matter, and which companies use more the integrated reporting included in which sector, and how much the companies prefer integrated reporting based on various characteristics (size, country, sector, etc. they are in) based on 1999-2015 July period. In the present study; we have determined that in 2012 integrated reporting was made the most, large

businesses prefer integrated reporting the most, integrated reporting is made in European region the most, and financial services sector is the sector publishing integrated report the most. However, what percent of these integrated reporting has the requested characteristic based on IIRC's required framework was not detailed because it is out of our investigation topic, and it is determined as the future study topic.

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Sustainability Reporting under the Roof of Corporation Sustainability: Examination of the Firms That are Included in the BIST Sustainability Index, Burcu Demirel Utku, Murat Erdogan

Abstract

Recent years there has been on focus in corporate operations especially since the publication of the first environmental reports in 1989. So many companies have started to publish information about its environmental, social and sustainability policies. The concept of corporate sustainability include the capacity of a company to continue operating over a long period of time depends on the sustainability of relationship between the all groups connected with the company.

This study will begin with the sustainability reporting that will be examined under the roof of corporation sustainability and end with the examination of sustainability reports of 15 firms, which are included in the BIST (Borsa Istanbul) Sustainability Index in Turkey, and a content analysis. The reports of companies which were examined within scope of work were taken from special web site and GRI (Global Reporting Initiative) database of companies which were examined within scope of work. This study is the first study examining the aspects in the sustainability report of companies in BIST Sustainability Index. Therefore, it is expected to contribute in particular national literature about sustainability reporting recently started to gain importance in Turkey.

Key Words: BIST Sustainability Index, Sustainability Reporting, Corporation Sustainability

Introduction

By the emergence of financial scandals and global crisis trust of public awareness with company's reporting forms were decreased since transparency and accountability of financial statements which are primary principles are discarded and wounded the belief for the operation of financial system. Formation of reliable investment environments for eliminating such adverse matters made the formation standards and principles regarding with corporate sustainability by search of consumers, nongovernmental organizations, syndicates, investors, governments and companies inevitable. (Deren Von Het Hof and Hoştut 2015; Habek 2014). Lai, Lin and Wang say (2015), "...over the last decade, a company's role in achieving sustainable development is important, especially in today's fast-changing environment. Firms are facing fierce competition and need to continuously improve their ability to develop and maintain a competitive advantage".

The World Business Council for Sustainable Development (WBCSD) defined the sustainable reporting as *“public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions”* (WBCSD 2002). Sustainability reports can be used by different names in the application or in the literature. Searcy and Buslovich (2014) commented in their study as *“...In practice, a number of different names may be used to refer to these reports, such as ‘sustainability, corporate social responsibility, and corporate citizenship reports, among other possibilities. Key is that the report, whatever its title, contains qualitative and quantitative information of interest to stakeholders on the company’s key sustainability issues and initiatives. Many of the world’s largest companies now report on sustainability. In a recent study, KPMG (2011) found that 95 % of the biggest 250 companies in the world reported on these issues and initiatives in some fashion”*.

Terms such as corporation sustainability, corporation social responsibility, sustainability reporting and social audit have frequently been approached by governments, work environments, non-governmental organizations and academicians in recent years. It is because the awareness of being responsible against not only the present generation but also the coming generations has gained acceptance within all the sections of the society. When also considered in terms of the businesses, the necessity of taking the social and environmental dimensions into account instead of considering and giving importance only to the financial situation is an obvious fact. Actually, the firms that adopt the terms of transparency, equity, accountability and responsibility, which are the main principles of the corporation management, have taken their basic steps in sense of sustainability.

However, the scopes of the main terms like accountability and transparency as mentioned here are now much larger. Firms that adopt the term of corporation sustainability, which comes into play at this point, have admitted that they are also responsible against the other stakeholders apart from the shareholders. Stakeholders demand transparency from the firms and want to have information about their social and environmental performances besides the financial performances.

The approach of corporation sustainability can be stated as the observation of the factors related to economic, environmental, social and corporation management by the firm administration as a whole and the efficient management of the risks and opportunities dependent on these factors. The interest in the sustainability reporting, which falls into this approach and is accepted as reports that include the statements of the companies with regard to the economic, environmental and social effects of their daily activities, is rapidly increasing worldwide.

Sustainability reporting literature in Turkey is seen that in the initial phase of work on the subject examined. In this study, examining sustainability reporting element of the companies in the BIST Sustainability Index in Turkey and assessing which elements come to the fore in this process is the scientific contribution of the study.

Corporate Sustainability Concept

Bowen (1953) stated that the company has the social responsibility too with the exception of manufacturing. After this explanation companies have started to investigate the corporate sustainability and to integrate the corporate sustainability with the management theories.

According to Gladwin et al “...sustainability is concept which is commonly used in all disciplines. It seems to be use of all social, cultural, scientific, natural, human resources aspect based on prudence principle and respecting this approach (Gladwin et al. 1995).

There are so many studies related to the emergence of the concept of sustainability have similar information. The terms collecting these studies “...global climate changes, reductions in biological diversity, decrease and destruction in national sources causes several risks about future of the world and therefore this caused all societies to take required precautions at global level. Sustainability and Sustainable Development concepts are pointed out and some series of studies and reports were published. One of leading studies about mentioned works and reports in Bruntland Report which published by United Nations Environment and Development Commission. In this report sustainable development was defined as to meet the requirements of present generation without causing harm for future generations” (Gray and Milne 2002; Aras and Crowther 2009; Glavic and Lukman 2007; Aksu 2011; Kuşat 2012).

According to Dyllick and Hockerts (2002), the corporate sustainability is a mixed of environment and social sustainability in the companies. According to Marrewijk and Were (2003), corporate sustainability refers to a company’s activities as social and environmental concerns in business operations and interactions with stakeholders. According to Hahn and Scheermesser (2006), corporate sustainability means to be in some operations to facilitate and improve the conditions of company as well as the creation of economic value.

According to Kaypak (2010) sustainability “...can be defined as competency of a ecosystem or and system presenting sustainability without interruption, distortion, exhausting and laying on primary sources very much”. Some definition for the concept of sustainability in various studies in the literature, and they emphasize the importance was compiled as follows: Sustainability not only covers its own internal factors of enterprise but also all external factors influencing the operation and evaluation of such factors (Deloitte 2014). Sustainability indicators include

economic, social and environmental and social criteria and corporate and management performances. Financial performances of enterprise, profitability and growing factors are undoubtedly critical factors effecting the success however when mentioned factors are evaluated with respect to time they cover short termed and generally the period when performances are measured (Dyllick and Hockerts, 2002). “Carrying out performance evaluation of companies by only considering the performance evaluation can be resembled driving a car by only looking at rear view mirror.” (BIST 2014). At the same time sustainability covers the processes of meeting demands and expectations of vast shareholder group such as employees, suppliers, customers, states, non-governmental organizations and investors (CSR 2010).

Corporate Sustainability is very attractive for investors. Reason for this interest relies on understanding to maintain long termed values for investors. Nowadays corporate sustainability concept where investment can be made is possible since corporate sustainability performances are measurable. Concrete steps to be taken by enterprise about sustainability are outlined in "Sustainability for Companies" study which is published in 2014 by BIST (BIST 2014). Accordingly with this adopting and actualizing transparency, inferiority, accountability and responsibility principles, use of technologies which will pollute environment less in production process, taking steps which may carry environmental protection conscious in all functions of enterprise, producing healthy products for consumers, improving working conditions of employees in operation, formation of ethical rules within organization, maintaining energy saving in production and operation processes, developing innovative products from the sample for concrete steps to be taken.

Sustainability Reporting and Sustainability Index

According to Ballou and Heitger (2005), corporate sustainability reporting is a new field for corporate reporting that involves reporting non-financial and financial information to a broader set of stakeholders than only the shareholders. According to stakeholder theory, the corporate governance system that takes into account the relationship not only between managers and shareholders in a company is not sufficient. The relationship between the company and other groups also takes into account to survive the company. Hence, there are also the responsibilities of the company to the other stakeholders except the shareholders. The concept of stakeholders form the basis of stakeholder theory, which may affect the objectives of the company and is expressed as parties affected by the company achieve its objectives. In the other words the stakeholders are connected groups with companies to maintain the existence of the company (Freeman and Reed 1983). According to Freeman and McVea (2001), the relations between stakeholders play an important role in achieving the objectives of the company and place of company objectives more

easily that as long as the good of the relationship. Organizations are realizing that meeting stakeholder expectations is a necessary condition for sustainability in concert with the need to achieve the overall strategic objectives of the business. Stakeholder theory has expanded its business objective of profit maximization and creating value for shareholders, but also for other stakeholders other than shareholders, have revealed the necessity of the creation of value (Longo et al., 2005). According to this theory, the purpose of a company is to create value for all stakeholders and to maximize this value. The information in the sustainability report must include the priorities and indicators that may impact on the assessments and decisions of stakeholders (GRI 2010). Therefore, sustainability reporting contains important information for stakeholders. In the literature there are so many studies addressing the sustainability reporting valuation in terms of stakeholder management. One such study, Toccafo Manetti (2014) investigated the role of stakeholder participation in sustainability reports filed of non-profit companies. According to the results of survey, reporting quality based on stakeholder management have concluded. Prado-Lorenzo et al. (2009) have found no significant relation between the economic performance of companies and stakeholder engagement by evaluating the GRI report of Spanish companies.

Number of companies reporting sustainability performances of companies increased with high amount in all around the world. While some companies mention the steps regarding with sustainability in activity reports some of them inform their shareholders by opening new headline in websites. On the other hand majority of companies prepare a separate sustainability report. There are different reporting standards which are recognized all around the world for providing companies to prepare clear, understandable and transparent sustainability reporting. Mention standards are updated continuously accordingly with shareholder demands and emerging needs. Companies providing consultancy services and mentioned frameworks are guides for companies to perform qualified reporting (BIST 2014). Sustainability reporting make preventive contribution to shareholders to keep their messages under control in data collection, analyzing and reporting for the companies to reduce the risks they may encounter. In addition to this contribution it promotes the factors such as transparency and accountability (GRI 2015). One of the primary properties of sustainability reports is to highlight the financial and non financial performances of companies. While reporting companies develop long termed objectives, and form their management strategies, policies and business plans according to sustainability vision. As result of relevant reports, company management may determine possible risks and opportunities and able take required decisions. Therefore they are able to determine the steps easily for strengthening their position in business world (BIST 2014).

Global Reporting Initiative (GRI) was first established in the United States, and when it became successful it quickly spread internationally. GRI is the best known and most widely

applied method for sustainability reporting worldwide (Bergmans et al. 2014). GRI is a non-profitable organization which determines standards about environmental- social management reporting and corporate social responsibility reporting and particularly in sustainability reports, and considers promoting the economical sustainability as its main objective (Zickiene and Juozaitiene 2013). The first Sustainability Reporting Guidelines were released by GRI for public use in the year 2000 (Ernst and Young 2014).

According to the Guide that published by GRI in 2006, “...systematic sustainable report maintains understandable explanation and data which can be compared with criteria. Together with the increase in importance for sustainability, there is increase in number of companies issuing the sustainability reports in abroad. Number of GRI reports which are prepared based GRI reporting framework has reached to 21.000 by 2015. Sustainability reports which were developed using GRI reporting framework covers conclusions and results which has occurred within context of management approach, strategy and organization's commitments during reporting period. Briefly mentioned reports” (GRI 2006);

- *Comparison and evaluation of Sustainability performances with laws, rules, regulations and performance standards and volunteer initiatives.*
- *Indicating how corporate effects the expectations about development and who they are affected from them.*
- *For objectives such as comparing performance within organization and with different organizations in time.*

Increase in number of companies reporting the sustainability performances of companies by 1990s, cause emergences of funds based on sustainability. This case caused formation of sustainability index in capital market. Dow Jones Sustainability Index which was established in 1999 as response to this need, became able to measure the sustainability performance of 2500 companies in short time period and formed the basis sustainability indexes which will be formed in future years. There are so many sustainability indexes in the world. The sustainability indexes in the world according to sustainability reporting are given in Table 1. Although the Domini 400 Social Index was released in 1990, the Dow Jones Sustainability Index was the first sustainability index and it was launched in 1999 by New York Stock Exchange. On the other hand the first sustainability index in Johannesburg, South Africa for an emerging economy was launched in 2004. The First Corporate Sustainability Index in Sao Paolo, Brazil (Latin America) was launched in 2004, too (Orsato et al. 2015).

Table 1: Sustainability indexes

<i>Index</i>	<i>Year and Founder</i>	<i>Characteristics</i>
Domini 400 Social Index	1990 Kinder, Lydenberg, Domini and Co	Composed of a selection of 400 North American companies from which 250 belong to the S&P500 index
Dow Jones Sustainability Indexes (DJSI)	1999 Dow Jones Indexes, STOXX Limited and SAM-The Sustainable Asset Management Group	Calculated and analyzed in a manner similar to the Dow Jones Global Indexes and sub categorized into two indexes: the DJSI World and DJSI STOXX, the latter being a mixed index of European companies.
FTSE4Good	2001 British Corporate Group	Derived from the FTSE global index, specifically from the FTSE-All Share Index(UK) and the FTSE All-World Developed Index(Global).
Ethibel Sustainability Indices (ESI)	2002 Standard & Poor's (S&P)	Composed of 4 regional indexes: ESI Global, ESI Americas, ESI Europe and ESI Asia Pacific.
Socially Responsible Index (SRI)	2004 Johannesburg stock exchange, South Africa	Considered the first sustainability index from an emerging country
Calvert Social Index	2004 Calvert Corporation	Composed of 680 companies selected from 1000 of the largest publicly traded sompanies in the USA.
Corporate Sustainability Index (ISE)	2005 Brazilian stock Exchange(BM&FBOVESPA)	Originally funded by the International Finance Corporation (IFC), the private sector arm of the World Bank. Developed by the Center for Sustainability Studies of the Getúlio Vargas Foundation (GVces).
KLD Indices	2007 KLD Research and Analytics	Also developed the Corporate Social Ratings Monitor, which is a database for social research purposes, comprising over 4000 companies in the US.

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Significant steps are taken in also our country. One of the most important steps is the BIST Sustainability Index which is included in Borsa Istanbul since November 2014. BIST Sustainability index started to be calculated and published as price and income with XUSRD code beginning from 4 November 2014. Main objective of BIST sustainability index is to create an index which will include companies which are traded in exchange and of which sustainability performances are at high level and increasing the understanding knowledge and applications about sustainability (BIST 2014).

“BIST Sustainability Index” presents how companies approach the subjects such as global warming, exhausting of natural sources, decrease in water resources, health, safety and employment and similar subjects and other subjects which are important for Turkey and world, and maintains assessment of activities and taken decisions with an independent eye and registering them with a manner. Additionally index provides opportunity for companies to compare their corporate sustainability performances with global and local manner. By Index also a performance assessment tool for improving and determining new targets and opportunity for

development risk management skills related to transparency, accountability and sustainability by (BIST 2014; SPYD 2015).

Research Method

In our study sustainability reports of 15 companies which are included in BIST sustainability Indexes were examined. Companies which are included in this index which is formed by examination made by Borsa Istanbul BIST 30 index are as following with their discussing order: Akbank T.A.Ş., Arçelik A.Ş., Aselsan Elektronik Sanayi ve Ticaret A.Ş., T. Garanti Bankası A.Ş., Koç Holding A.Ş., Migros Ticaret A.Ş., Petkim Petrokimya Holding A.Ş., Hacı Ömer Sabancı Holding A.Ş., TAV Hava Limanları Holding A.Ş., Turkcell İletişim Hizmetleri A.Ş., Tofaş Türk Otomobil Fabrikası A.Ş., Türk Telekomünikasyon A.Ş., Tüpraş-Türkiye Petrol Rafinerileri A.Ş., Türkiye Vakıflar Bankası T.A.O., Yapı ve Kredi Bankası A.Ş. Reports which were examined within scope of work were taken from special web site and GRI database of companies which were examined within scope of work.

Analysis Results

Table 2: Classification of companies which are included in BIST sustainability index with respect to several factors

SR	AKBNK	ARCLK	ASELS	GARAN	KCHOL	MGROS	PETKM	SAHOL	TAVHL	TCELL	TOASO	TKOM	TUPRS	VBN	YKBNK
Year	2009/2014	2007/2013	2012	2012/2013	2010/2013	-	-	-	2010/2011	2008/2013	2013	-	2008/2013	-	2010/2013
R. Type	G3 (2013)	G4 (2013)	Non GRI	G4(2013)	G3(2013)	-	-	-	G3.1(2011)	G3.1(2013)	G4	-	G3.1(2013)	-	G3.1(2013)
R. Period	1 annual	1 annual	X	6 monthly	1 annual	-	-	-	1 annual	2 annual	1 annual	-	2 annual	-	1 annual
Level ¹	B	Core	X	Compr.	B	-	-	-	C	B	Core	-	B	-	B
Sect. sup ²	✓	X	X		X	-	-	-	✓	✓	X	-	X	-	X
Status	GRI-checked	GRI-checked	X	GRI-checked	GRI-checked	-	-	-	Self-decl.	GRI-checked	GRI-checked	-	GRI-checked	-	GRI-checked
Integrat. ³	X	X	X	X	X	-	-	-	X	X	X	-	X	-	X
N. of page	126	72	43	184	60	-	-	-	47	109	60	-	58	-	100
CDP ⁴	✓	✓	X	✓	✓	-	-	-	X	X	✓	✓	X	-	X
IFC ⁵	✓	X	X	X	✓	-	-	-	X	X	X	-	X	-	X
OE CD ⁶	X	X	X	X	X	-	-	-	X	X	X	-	X	-	X
UNGC ⁷	✓	✓	X	✓	✓	-	-	-	X	✓	X	-	✓	-	✓
ISO ⁸	X	X	X	X	X	-	-	-	X	X	X	-	X	-	X
AA1000 ⁹	X	X	X	X	X	-	-	-	X	X	X	-	X	-	X
Stakeh. ¹⁰	X	X	X	X	X	-	-	-	X	X	X	-	X	-	X
Assura. ¹¹	X	✓	X	X	X	-	-	-	X	X	X	-	X	-	X
XKURY ¹²	✓	✓	✓	✓	X	X	✓	X	✓	X	✓	✓	✓	X	✓
F.500T. ¹³	X	13	51	X	31 ¹⁴	17	28	38 ¹⁵	71 ¹⁶	11	18	8	1	X	X
Fo.500G. ¹⁷	X	X	X	X	217	X	X	X	X	X	X	X	X	X	X

¹ Application level.

² Sector disclosures/ Sector supplement:

³ Integrated Reporting

⁴ Carbon Disclosure Project

⁵ IFC (International Finance Corporation) Environmental and Social Sustainability Standards

⁶ OECD Multinational Companies General Principals

⁷ The *United Nations Global Compact*

⁸ ISO 26000 Social Responsibility

⁹ AA1000 Accountability Principles

¹⁰ Stakeholder Panel/ Expert Opinion

¹¹ External assurance

¹² BIST (Borsa Istanbul) Corporate Management Index

¹³ Fortune Turkey 500 2013 List

¹⁴ Otokoç from group companies

¹⁵ Carefoursa from group companies

¹⁶ TAV Tepe Akfen İnşaat from group companies

¹⁷ Fortune Global 500 2013 List

When Table two is generally overviewed it can be seen that there are 5 industrial, 5 banking, 2 communication, 4 holding and 1 retail company in index. It is observed that sustainability reports (SR) is not applied in 5 of 15 companies which are included in sustainability index. There is detailed information about sustainability activities in activity reports of companies which do not have sustainability report. Although there is not sustainability report for Hacı Ömer Sabancı Holding A.Ş., there is sustainability report for group companies. It was published in activity report of Migros Ticaret A.Ş. which is the only retail company in index, that sustainability report will be released by 2014. For Petkim Petrokimya A.Ş. which is another company which do not have report, out of sustainability reports which are mentioned in activity reports, there is sustainability link in web site where environmental and occupational health applications are mentioned. Türk Telekomünikasyon A.Ş is another company of which sustainability report is not published has CDP (Carbon Disclosure Project) since 2010 and at the same time this was selected as "Carbon Transparency Leader in CDP Turkey 2013 Climate Change reporting which is organized by Sabancı University Corporate Management Form. Last company which is included in Index but not having report is Türkiye Vakıflar Bankası T.A.O. This company has declared that it is in preparation of CDP and GRI reports by 2014.

Publishing sustainability report is not prerequisite for being included in BIST sustainability report. Election criteria for this index require comprehensive examinations. Generally index selection criteria are included in three main titles: (1) environmental criteria (environment-bio diversity, climate change etc). (2) corporate management criteria (structure of management board, fight with bribery), (3) Social Criteria (human rights, health and safety).

Year: When table two is examined it can be seen that there are 10 companies releasing SR. Report releasing years are included in first row of Table two. According to this it can be seen that companies out of Aselsan and Tofaş release sustainability report more than one year. Arçelik is the company which released the most number of reports. (7 years)

Report type: When Table two is considered it can be seen that two of companies release the report in G1 report type, three of them release in C G4 and one of them release in non-GRI type (data for last year where release was made is considered). GRI which has the property of being the organization which got the most application about sustainability report in the world classified the report types such as G1, G2, G3, G4. The first version of the guidelines was launched in 2000. In 2002 the guidelines were revised and GRI launched the second generation of guidelines, the G2. The third generation of guidelines, the G3, were launched in 2006 then GRI published the G3.1, and finally it published the G4 in 2013. The biggest innovation of the G4 (will be single standard in 2016) is that it abolished the previous application levels.

Whatever the report type, in reporting GRI request public and private standard notifications from companies. Briefly in General Standard Notifications; explanations for strategy and analysis, corporate profile, defined factors and frames having priority, shareholder participation, report profile, governance, ethic, integrity and similar categories are requested. (GRI G4) also explanations for sectors are requested.

Reporting period: According to Table two, six of companies who released annual, 2 of them released annual report, 1 of them released monthly sustainability report (Data of last year when publication is made was considered).

Level (application level): According to this line where GRI application levels are indicated five of companies declared application B (G3 and G3.1 report type), one of them declared C (G3.1 report type), two of them declared (G4 report type,) 1 of them declared comprehensive (G4 report type) (data for last year when release was made was considered). One company which are published SR has declared Non-GRI type report so there is no application level for that company. Declaring this application level maintains information about which GRI reporting frame elements are used. There are three levels for meeting the requirement of people at beginners, advanced level report preparers and intermediate ones. These are mentioned as C, B and A. Report preparation criteria in each level reflects the application and capacity increase in GRI reporting frame (GRI 2006). Present GRI application levels (A, B and C) in GRI reporting type were replaced with new reporting levels such as Core and Comprehensive. If we compare them with current levels Core is at level between B and C and Comprehensive corresponds a level between B and A.

Sector disclosures/ Sector supplement: Four of companies which are included in work discloses Sector disclosures /Sector supplement (data for last year when publication is made is considered).

Status: Eight of companies which are included in study declared their reports as GRI checked and one of them declared as self declaration.

Integrated reporting: Integrated reporting has financial aspect for sustainability which is not financial. Therefore integrated report which is called as single report is a reporting where financial information and sustainability information for business activities are presented in single frame. There are no integrated reports which were published by any companies included in our study (Table 2). However we should mention as deep not that Çimsa Çimento A.Ş. (Hacı Sabancı Holding Group Company) and Garanti Bankası A.Ş are real sector representatives having important works about integrated reporting.

Number of page: When sustainability reports of companies, average 86 pages are prepared per company (Table 2).

CDP (Carbon Disclosure Project): Six of companies which are included in our study have CDP report (Table 2). CDP is an organization which has works for protection natural sources and reducing the effects of climate changes and changing the operation form of business world.

IFC (International Finance Corporation): Two of companies which have participated to our study has works compliant with Environmental and Social Sustainability Performance Standards (Table 2).

OECD: None of companies which are included in our study has report according to Multinational Companies General Principles (Table 2).

UNGC: Seven of companies which are included in our study have contract consisting of twelve principals which is known as United Nations Global Principles Contract (Table 2).

ISO: None of companies which are included in our study have ISO 26000 Social Responsibility Conformity report (Table 2). ISO 26000:2010 standard which is formerly known as SA 8000 standard and published in November 2010 first time by International Standards Organization has the property of being first official document which was agreed about issues of social responsibility terms and applications.

AA1000: None of companies which are included in our study has Accountability Principles Report (Table 2). AA1000 Standard is a standard which was developed for accounting, inspection and reporting based on social responsibility against all shareholders, volunteerism principles.

Stakeholder Panel/ Expert Opinion: None of companies which have participated to our study as explanatory sections for stakeholders (Table 2).

Assurance: Only one of companies which are included in our works and made sustainability report as external assurance sign in sustainability report. External assurance of sustainability report is not compulsory. In former report types of GRI G4 Adding + symbol to A, B and C (eg C⁺, B⁺, A⁺) means that it passed through external audit. However + symbol was eliminated from application levels after publishing G4. It is subject to the supervision of a sustainability report means that the quality and credibility of relevant information about sustainability. However, when preparing the sustainability report are faced with many costs. White collar costs are accumulated by long and painstaking works From the fixed costs of sustainability team to spending the time in requiring the information and document from other units, from the training to overseas calls, from stationery to internal controls. Finally, the high cost is 'External Audit (assurance)' of completed reports. The preparation of sustainability reports and auditing also poses a voluntary for out of

four countries in terms of considering country applications. These four countries are China, Denmark, Malaysia and South Africa (Ioannou, Serafim, 2014). Therefore the only one report of companies in BIST sustainability index to control is usual by us due to the high cost of auditing and the obligation of supervision.

XKURY: 10 of companies which are included in our study are included in Corporate Management Index (Table 2).

Fo. 500T: Order of companies in Fortune 500 2013 list are presented (Table 2).

Conclusions and Recommendation

Global warming of which risks increase every day, biodiversity loss, rapid exhausting of sources, and pollution, poverty and hunger, illness, human rights violations, corruptions and similar basic problems forces all humanity to new searches. Sustainable development which is to be conscious not only for its own generation but also future generations are rapidly accepted by countries.

Objective of sustainable development is “to meet the requirements of present needs without putting into risk of meeting requirements of future generations”. Each type of organization has role at achieving this target because of their key functions within society (WCED 1987). However it is the reality that financial perspective is not sufficient and additionally environmental and social aspects should also be considered.

With this respect sustainability reporting is measuring, explaining and being responsible against internal and external stakeholders about sustainability reporting and sustainable development objectives. Sustainable reporting is synonymous with terms (e.g triple responsibility reporting, corporate responsibility reporting) which are used in reporting regarding with economic, environmental and social effects (GRI 2013). Although it is performed based on volunteerism principle except some countries, it is carefully followed by society and investors in the world. Gaining importance by this concept, taking decisions by investors for their investment by considering the sustainability factors take attention of capital market and investors and they are involved in studies for popularizing the sustainability consciousness for this manner.

Up to 2015 (including 2015) 186 reports (GRI, non GRI total) were released by 80 companies regarding with sustainability (GRI 2015). By the same that number of sustainability reports which were released in all around the world is 25.000 (GRI, Non GRI total). BIST sustainability index which will maintain benefit for our country to follow this rapid development in the world and creating awareness about this subject started to be calculated in November 2014

by 15 companies. BIST sustainability index will cause acceleration in national and international area for companies and credit organizations about sustainability.

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Managing With Depleted Resources, Shahla Seifi & David Crowther

Abstract

Obviously the resources of the planet are finite and this is a limiting factor to growth and development. The depletion of the resources of the planet is one of the factors which has helped create the current interest in sustainability. Nevertheless the economic system under which the world operates is predicated on an assumption that development is possible and so the concern is with acquiring the additional resources required for that development. This is perfectly in accordance with the assumptions made by Brundtland and accepted ever since. However environmentalists have been showing that the resources of the world are overused and usage is not sustainable at this level and there is starting to be a general understanding of the meaning of resource depletion. While this has been occupying the minds of people in the developed western world a number of countries have adopted a strategy of rapid growth and economic development. Principal among these have been the BRIC countries. These countries have access to a large proportion of the remaining natural resources of the world while also having large populations and therefore great scope for rapid economic growth. This leads of course to an unstable global economy as there is a looming imbalance between supply and demand, leading to problems of governance in this new environment. We consider a diagnosis and prognosis for this situation.

Sustainability in the present

The question of sustainability has risen to prominence in recent times – not just in the business world or in the academic world but in popular consciousness. It seems that everyone is concerned with sustainability and that this has been brought about by a general acceptance of the existence of climate change and by a general recognition of the problems stemming from resources depletion. Indeed many people can talk knowledgeably about their carbon footprint (Wiedma & Minx 2007) and about Hubbert's Peak, and many businesses are making statements about their aim for carbon neutrality (Weideman et al 2008).

Sustainability is indicated as the fashionable concept of the moment (Aras & Crowther, 2008). Some people may believe that this almost modern and fashionable concept demands for new standardization activities, as the ISO strategic plan 2005-2010 is titled: "standards for a sustainable world". It means that ISO aims at providing new standards which would contribute effectively to sustainability. Still, others may believe in the necessity of drastic changes in standardization process to suit for sustainability. As an instance, although about 75% of ISO membership is consisted of developing countries, their actual participation in drafting and voting process is so limited. Therefore, international standards, aimed at establishing the acceptable minimum quality levels, are normally prepared based on comments received from the active 25%.

Therefore, the developing countries, i.e. the majority of ISO participants, usually find it difficult to conform to international standards. Hence, as the international standardization process does not encompass all the stakeholders needs, definitely at the time being, it is not a process conforming to sustainability requirements. This is a fact opposing to the ISO strategy mentioned above. Among issues of concern, it should be noted that the many studies carried out by the Food and Agriculture Organization of the United Nations, the United Nations Industrial Development Organization and others, relating to evaluation of current standardization policies and strategies in developing countries, reveal that their implementation is hindered by a number of constraints. Of these, the most significant are:

- Inadequacy of the regulatory and institutional framework set to govern standardization activities;
- Weakness of the capacities of the actors from public agencies, the private sector and civil society alike;
- Insufficiency of funding allocated to standards development and distribution activities;
- Lack of metrology and quality control infrastructure and tools.

In 1983 the United Nations established the World Commission on Environment and Development (WCED) under the chairmanship of Gro Harlem Brundtland. It subsequently became known as the Brundtland Commission and its report, *Our Common Future*, is normally known as the Brundtland Report. The commission was created to address a growing concern "about the accelerating deterioration of the human environment and natural resources and the consequences of that deterioration for economic and social development." In establishing the commission, the UN General Assembly recognised that environmental problems were global in nature and determined that it was in the common interest of all nations to establish policies for sustainable development. The Report highlighted the urgency of making progress toward economic development that could be sustained without depleting natural resources or harming the environment and thereby raised the profile of a concern for sustainability which had previously only been expressed by some NGOs. It was primarily concerned with securing global equity, and with redistributing resources towards poorer nations whilst encouraging their economic growth. The report suggested that equity, growth and environmental maintenance – the Triple Bottom Line – are simultaneously possible and that each country is capable of achieving its full economic potential whilst at the same time enhancing its resource base. The report also recognised that achieving this equity and sustainable growth would require technological and social change. The Report of the Brundtland Commission, called *Our Common Future*, was published by Oxford University Press in 1987. The report deals primarily with sustainable development and the change of politics needed for achieving that. The definition of this term in the report is very well known and often cited:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

A direct outcome of the Brundtland Report was a conference which was held 5 years later in 1992 in Rio de Janeiro⁵. This was the United Nations Conference on Environment and Development, better known as the Earth Summit. There were representatives of 172 governments who participated, with 108 considering it important enough to send their heads of state or government. In addition over 2,000 representatives of NGOs attended, with around 15,000 other people at the parallel NGO Forum; these people had what was known as Consultative Status. The issues addressed in the conference included:

- A scrutiny of patterns of production – particularly production with hazardous components or waste, such as lead in petrol, or poisonous waste from other products;
- Alternative sources of energy to replace fossil fuels which had already been linked to global climate change;
- A reliance on public transport systems in order to reduce vehicle emissions, congestion in cities and the health problems caused by polluted air and smog;
- The growing scarcity of water as a resource in various parts of the world.

An important achievement of the conference was an agreement on the Climate Change Convention which in turn led to the Kyoto Protocol⁶.

On the 20th anniversary of the release of the Brundtland Report the World Business Council on Sustainable Development (WBCSD) produced a report of its own – Then and Now: Celebrating the 20th Anniversary of the Brundtland Report – which provided an update on the progress made in the intervening years. The WBCSD report gives an account of the Brundtland report but focuses particularly on how the WBCSD has developed itself as the business voice in the sustainable development arena and what actions they had taken towards the future. Thus, although it is primarily about self-promotional, this report does show that the WBCSD has made some positive efforts over the years since Brundtland. Nevertheless it also highlights that over 20 years after the original report, almost everything in the original report is still relevant today, including the warning about climate change. There is some cause for optimism though as climate change is now more of an accepted fact and global warming has entered popular consciousness as a cause for concern.

Global warming

⁵And repeated, although in a much less pronounced manner, in 2012.

⁶ The Kyoto Protocol is an agreement made under the United Nations Framework Convention on Climate Change. Countries that ratify this protocol have committed themselves to reduce their emissions of carbon dioxide and 5 other greenhouse gases, or to engage in emissions trading if they maintain their emissions of these gases, or do not reduce them to the extent agreed. As present the USA and Kazakhstan are the only signatory countries which have not ratified the protocol.

The changes to the weather systems around the world are apparent to most people and are being manifest in such extreme weather as excessive rain or snow, floods, droughts, heatwaves and hurricanes which have been affecting many parts of the world. Indeed most people remember, for example, Hurricane Katrina which devastated New Orleans. Global warming and climate change, its most noticeable effect, is a subject of discussion all over the world and it is generally, although by no means universally, accepted that global warming is taking place and therefore that climate change will continue to happen. Opinion is divided however as to whether the climate change which has taken place can be reversed or not. Some think that it cannot be reversed. Thus according to Lovelock (2006) climate change is inevitable with its consequences upon the environment and therefore upon human life and economic activity. He remains however positive that it is possible to adapt and is thereby more positive than some other commentators⁷. Although there are many factors which are contributing to the global warming which is taking place it is clear that commercial and economic activity plays a significant part in this global warming. Indeed many people talk about 'greenhouse gases', with carbon dioxide being the main one, as a direct consequence of economic activity. Consequently many people see the reduction in the emission of such gases as being fundamental to any attempt to combat climate change. This of course requires a change in behaviour – of people and of organisations. Such a perceived need for change is one of the factors which has caused the current concern with sustainability.

Another factor which is occupying the minds of people in general is that of their ecological footprint – the amount of physical area of the earth needed to provide for each person. Ecological footprint analysis compares human demand on nature with the biosphere's ability to regenerate resources and provide services. It does this by assessing the biologically productive land and marine area required to produce the resources a population consumes and absorb the corresponding waste, using prevailing technology. This approach can also be applied to an activity such as the manufacturing of a product or driving of a car. A possibly more fashionable term at the moment however is that of carbon footprinting (Wiedman & Minx 2007).

A carbon footprint can be considered to be the total amount of carbon dioxide (CO₂) and other greenhouse gases emitted over the full life cycle of a product or service. Normally a carbon footprint is usually expressed as a CO₂ equivalent (usually in kilogrammes or tonnes), which accounts for the same global warming effects of different greenhouse gases (UK Parliamentary Office of Science and Technology POST, 2006)⁸. There are a number of ways of calculating this footprint and a number of on-line resources to assist, at least as far as individuals are concerned.

For an individual the definition of carbon footprint is the total amount of carbon dioxide attributable to the actions of that individual (mainly through their energy use) over a period of one year. This definition underlies the personal carbon calculators that

⁷ See for example Reay 2005.

⁸ <http://www.parliament.uk/documents/post/postpn268.pdf>

are widely used. The term owes its origins to the idea that a footprint is what has been left behind as a result of the individual's activities. Carbon footprints can either consider only direct emissions (typically from energy used in the home and in transport, including travel by cars, aeroplanes, rail and other transport), or can also include indirect emissions (including carbon dioxide emissions as a result of goods and services consumed) (Weidema et al 2008). Bottom-up calculations sum such emissions from individual actions; top-down calculations take total emissions from a country (or other high-level entity) and divide these emissions among the residents (or other participants in that entity). A number of studies have calculated the carbon footprint of organisations and nations. One such UK (2007) study examined age-related carbon emissions based on expenditure and consumption. The study found that on average people aged 50-65 years have a higher carbon footprint than any other age group. Individuals aged 50-65 years old have a carbon footprint of approximately 13.5 tonnes/ person per annum compared to the UK average of 12 tonnes.

Although scientific opinion has more or less reached a consensus that global warming is taking place and therefore that climate change is happening, there are still a considerable number of sceptics and people who deny that it is happening.⁹ There are others who argue that the human contribution to global warming is negligible: they argue therefore that it is useless or even harmful to concentrate on individual contributions.

Resource depletion

There can be no argument that the resources of the planet are finite and this is a limiting factor to growth and development which is relevant to this paper. The depletion of the resources of the planet however is one of the actors which has helped create the current interest in sustainability. Of particular concern is the extractive industries and such things as aluminium and tin are becoming in short supply. So too are many of the minerals required for the electronics industry. In Malaysia the tin upon which Kuala Lumpur was founded has been fully extracted and recycling has become an important aspect of the industry. Kuala Lumpur was founded for this tin¹⁰ because the tin in the UK had been fully extracted long ago and the thriving industries based around them are long gone. Thus the British in their drive for development moved to exploiting the resources of other parts of the world. As other resources – such as coal – are extracted in total then the companies based upon them disappear, as do the jobs in those industries. This is an obvious source of concern for people.

Of particular concern is the extinguishing of supplies of oil, because much economic activity is fueled by the energy created by the use of oil. Indeed many would

⁹ Thus this is generally accepted in Europe and much of Asia but this consensus is by no means worldwide in this respect.

¹⁰ Ampang was the principle area for tin mining. So KLCC has always been at the centre of KL life and the Petronas twin towers stand in this area. So the extinct tin has been replaced by oil and gas as the fuel for KL development but this too is ending as it becomes fully extracted.

argue that the wars in the Middle East¹¹, particularly the problems in Iraq and Iran, are caused by oil shortages, actual or impending, and the problems thereby caused, rather than by any concern for political issues. Most people have now heard of Hubbert's Peak¹²(Deffeyes 2004) and engaged with the debate as to whether or not it has been reached. Certainly it has in parts of the world such as the USA and the North Sea but it is less certain if it has been reached for the world as a whole. Nevertheless the whole crux of sustainability – and sustainable development – is based upon the need for energy and there are insufficient alternative sources of energy to compensate for the elimination of oil as a source of fuel. Consequently resource depletion, real or imagined, and particularly energy resources, is one of the most significant causes of the current interest in sustainability.

Sustainability and sustainable development

Although it is now more than 25 years since the Brundtland Report was produced, it still continues to dominate the sustainability debate. Indeed almost all current definitions of sustainability refer back, at least implicitly, to Brundtland and the importance of not reducing the choices available to future generations. The same wording for sustainable development is exactly used in ISO 26000 (2010), Guidance on social responsibility.

It is generally accepted that sustainable development is a process which aims to fulfil human needs while also maintaining the quality of the natural environment on an indefinite basis. It is often thought that such development was first recognised by Brundtland but actually the link between environment and development was globally recognised in 1980, when the International Union for the Conservation of Nature published its report, World Conservation Strategy, in which it made use of the term sustainable development. Admittedly however the term came into general usage following the publication of the Brundtland Report.

Despite the three pillars defined by Brundtland, it has been argued (ISO central secretariat, 2006) that standardization is called one of the three pillars of sustainable development, the other two being metrology and conformity assessment. On the other hand it is claimed (Lindsey, 2007) that:

- There are numerous examples where legislation is supported by standards already, but standards can play a far bigger role and in much wider areas than before. Examples include:
- The greater use of management systems in areas such as environmental management, food safety and health safety;

¹¹ And most probably any other parts of the world also – it would be instructive to correlate the presence of oil with conflicts.

¹² In 1956 Dr King Hubert, a geologist working for Shell Oil developed his theory about the depletion of finite resources like fossil fuels. Now commonly known as Hubert's peak, his theory explains that production rates of oil and gas will increase to a peak and then rapidly taper off as reserves are depleted. He developed his theory to explain the coming reduction in production of oil in the USA and it is generally accepted that his theory was correct about this.

- Legislative areas that have not traditionally used standardization such as healthcare, education and security;
- Standards to support the implementation of the Services Directive;
- Standards to support sustainable development.

Sustainability implies the acceptance of any costs involved in the present as an investment for the future (Crowther, 2012). Sustainable development is concerned with the effect which action taken in the present has upon the options available in the future. A sustainable society is the society which provides for its needs without impairing the needs of the future generations. Therefore, sustainability implies that society must use no more of a resource than can be regenerated. Considering current levels of consumption, the way people live is not sustainable at all. Hence, sustainability is a matter of international concern which requires the emergence of international standards. This requirement is exacerbated by the recent movement towards globalization. Indeed globalization requires a worldwide integration, therefore countries should adopt international standards and avoid standards as barriers to trade.

With the increasing globalization of markets, international standards (as opposed to regional or national standards) have become critical to the trading process, ensuring a level playing field for exports, and ensuring imports meet internationally recognized levels of performance and safety. International standards and their use in technical regulations on products, production methods and services play a vital role in sustainable development and trade facilitation—through the promotion of safety, quality and compatibility. The benefits derived are significant. Standardization contributes not only to international trade but also to the basic infrastructure that underpins society, including health and environment, while promoting sustainability and good regulatory practice (ISO central secretariat, 2006).

Renewable energy

Concern for the effect of traditional energy sources upon climate, through the production of greenhouse gases, have combined with an awareness of the finiteness of the sources of energy production¹³ to cause an increased interest in renewable energy supply. Renewable energy is energy which comes from natural resources such as sunlight, wind, rain, tides, and geothermal heat, which are renewable (naturally replenished). About 16% of global final energy consumption comes from renewables, with 10% coming from traditional biomass, which is mainly used for heating, and 3.4% from hydroelectricity. New renewables (small scale hydroelectricity generation, modern biomass, wind, solar, geothermal, and biofuels) accounted for another 3% and are growing very rapidly. The share of renewables in electricity generation is around 19%,

¹³Principally this means oil and gas which is extracted from underground or more recently from the surface such as from the oil shales of Canada. As these sources become scarcer then the climate effects of extracting the oil and gas become more profound. Indeed the latest technique of fracking is considered by many to be environmentally disastrous.

with 16% of global electricity coming from hydroelectricity and 3% from new renewables.¹⁴

Wind power is growing at over 20% annually, with a worldwide installed capacity of 238,000 megawatts (MW) at the end of 2011¹⁵, and is widely used in Europe, Asia, and the United States. Since 2004, photovoltaics surpassed wind as the fastest growing energy source, and since 2007 has more than doubled every two years. At the end of 2011 the photovoltaic (PV) capacity¹⁶ worldwide was 67,000 MW, and PV power stations are popular in Germany and Italy (European Photovoltaic Industry Association 2012). Solar thermal power stations operate in the USA and Spain, and the largest of these is the 354 MW SEGS power plant in the Mojave Desert. The Moroccan government has just (late 2012) established a \$1 billion project to produce solar power.¹⁷ The world's largest geothermal power installation is the Geysers in California, with a rated capacity of 750 MW. Brazil has one of the largest renewable energy programs in the world, involving production of ethanol fuel from sugarcane, and ethanol now provides 18% of the country's automotive fuel¹⁸. Ethanol fuel is also widely available in the USA.

While many renewable energy projects are large-scale, renewable technologies are also suited to rural and remote areas, where energy is often crucial in human development. As of 2011, small solar PV systems provide electricity to a few million households, and micro-hydro configured into mini-grids serves many more. Over 44 million households use biogas made in household-scale digesters for lighting and/or cooking, and more than 166 million households rely on a new generation of more-efficient biomass cooking stoves¹⁹. United Nations' Secretary-General Ban Ki-moon has said that renewable energy has the ability to lift the poorest nations to new levels of prosperity²⁰.

Climate change concerns, coupled with high oil prices, peak oil, and increasing government support, are driving increasing renewable energy legislation, incentives and commercialisation (United Nations 2007). The existence of government spending,

¹⁴ Renewables 2011: Global Status Report". p. 17, 1;

http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf

¹⁵ Renewables 2011: Global Status Report". p. 15.

http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf

¹⁶ Photovoltaic systems (PV system) use solar panels to convert sunlight into electricity.

¹⁷ <http://www.ventures-africa.com/2012/09/morocco-awards-1bn-solar-power-contract-to-saudis/>

¹⁸ "America and Brazil Intersect on Ethanol". Renewableenergyaccess.com.

<http://www.renewableenergyaccess.com/rea/news/story?id=44896>. Retrieved 2011-11-21

¹⁹ "Renewables 2011: Global Status Report". p. 14.

http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf.

²⁰ "U.N. Secretary-General: Renewables Can End Energy Poverty". Renewable Energy World.

<http://www.renewableenergyworld.com/rea/news/article/2011/08/u-n-secretary-general-renewables-can-end-energy-poverty?cmpid=WNL-Friday-August26-2011>.

regulation and policies in many countries has helped develop these industries and has helped them to survive the global financial crisis better than many other sectors. According to a 2011 projection by the International Energy Agency, solar power generators may produce most of the world's electricity within 50 years, dramatically reducing the emissions of greenhouse gases that harm the environment.

There are many kinds of renewable energy sources. These include sunlight, wind, rain, tides, geothermal and biomass. Among these solar has been of more attention so far maybe due to its generous accessibility to all. A proof to this claim is standards developed by countries with unfavourable weather conditions, and low irradiance. Scientists have devised storage devices to harness solar energy in daylight and use later at nights. Another noble idea is to use renewable energy as a hybrid system or as a backup system. This will lead to a higher efficiency even in worse climatic conditions (Lynas 2008).

Energy efficiency

Today everyone is being bombarded with messages to become environmentally conscious and reduce the impact of climate change. As weather systems become unpredictable, with longer, hotter summers, extended droughts, and shorter and milder winters, most people everywhere are experiencing the wrath of nature arguably resulting from human activities. Humans have exploited the depths of the earth to extract precious metals and generated a seemingly insatiable need for oil in order to develop economically and technologically (see for example the Stern Report, 2006). Fertile land has been claimed and deforestation has been undertaken to create more space for dwellings and make factories for newer, smaller products for the expanding human population. The life cycle of products has considerably decreased and there is now a common practice, for example, of buying newer models rather than fixing or retaining the older version of television or cars. The human race is, nevertheless, awakening and realising the detrimental and in many instances irreversible damage that past actions have done to the planet.

A number of initiatives can and are being adopted by individuals at home and within many industrial sectors to curb the application of equipment and practices that produce greenhouse gas emissions. Most people are attempting to behave better towards the ecological environment so that future generations are, at least, not worse off than the current generations and enjoy the same if not better access to natural landscapes, clean environment and resources.

Critiquing sustainability

Various factors have brought to prominence a concern for sustainability and this is integrated with a concern for raw material and energy consumption and conservation. In this context sustainability implies that society must use no more of a resource than can be regenerated. This can be defined in terms of the carrying capacity of the ecosystem (Hawken 1993) and described with input – output models of resource consumption. Viewing an organisation as part of a wider social and economic system implies that these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself. This approach to sustainability is based upon the Gaia hypothesis (Lovelock 1979) – a model in which the whole of the ecosphere, and all living matter therein, is co-dependant upon its various facets and formed a complete system. According to this hypothesis, this complete system, and all components of the system, is interdependent and equally necessary for maintaining the Earth as a planet capable of sustaining life.

Such concerns are pertinent at a macro level of society as a whole, or at the level of the nation state but are equally relevant at the micro level of the corporation or individual. At this level, measures of sustainability would consider the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. In practice organisations mostly tend to aim towards less unsustainability by increasing efficiency in the way in which resources are utilised. An example would be an energy efficiency programme.

Sustainability is a controversial topic because it means different things to different people. Nevertheless there is a growing awareness that there is a debate about what sustainability means and the extent, or even if at all, it can be delivered by corporations in the easy manner they promise and as assumed by the Brundtland Commission (United Nations Commission on Environment and Development (Schmidheiny, 1992)). It has become part of a policy landscape being explicitly contested by the United Nations, Nation States and big business through the vehicles of the WBCSD and ICC, (see for example, Beder, 1997; Mayhew, 1997; Gray and Bebbington, 2001).

There is a further confusion surrounding the concept of sustainability: for the purist sustainability implies nothing more than stasis – the ability to continue in an unchanged manner – but often it is taken to imply development in a sustainable manner (Marsden 2000; Hart & Milstein 2003) and the terms sustainability and sustainable development are for many viewed as synonymous. As far as corporate sustainability is concerned then the confusion is exacerbated by the fact that the term sustainable has been used in the management literature over the last 30 years (see for example Reed & DeFillippi 1990) to merely imply continuity. Thus Zwetsloot (2003) is able to conflate

corporate social responsibility with the techniques of continuous improvement and innovation to imply that sustainability is thereby ensured.²¹

An almost unquestioned assumption is that growth remains possible (Elliott 2005) and therefore sustainability and sustainable development are synonymous. Indeed the economic perspective of post-Cartesian market driven ontologies predominates and growth is considered to be not just possible but also desirable (see for example Spangenberg 2004). So it is possible therefore for Daly (1992) to argue that the economics of development is all that needs to be addressed and that this can be dealt with through the market by the clear separation of the three basic economic goals of efficient allocation, equitable distribution, and sustainable scale. Hart (1997) goes further and regards the concept of sustainable development merely as a business opportunity, arguing that once a company identifies its environmental strategy then opportunities for new products and services become apparent.

There seem therefore to be two commonly held assumptions which permeate the discourse of corporate sustainability. The first is that sustainability is synonymous with sustainable development. The second is that a sustainable company will exist merely by recognising environmental and social issues and incorporating them into its strategic planning. Both of these assumptions are rejected as they are based upon an unquestioning acceptance of market economics predicated in the need for growth. While such market economics is not necessarily rejected it is argued that its acceptance has led to the assumptions about sustainability which have confused the debate. Thus it is considered imperative at this point to reiterate the basic tenet of sustainability, that sustainable activity is activity in which decisions made in the present do not restrict the choices available in the future. If this tenet of sustainability is accepted then it follows that development is neither a necessary nor desirable aspect of sustainability. Sustainable development (Daly 1996) may well be possible, and even desirable in some circumstances, but it is not an integral aspect of sustainability.

Most analysis of sustainability²² (eg Dyllick & Hockerts, 2002) only recognises a two-dimensional approach of the environmental and the social. A few (eg Spangenberg 2004) recognize a third dimension which is related to organisation behaviour. Aras & Crowther (2007a) argue that restricting analysis to such dimensions is deficient. One problem is the fact that the dominant assumption by researchers is based upon the incompatibility of optimising, for a corporation, both financial performance and social / environmental performance. In other words financial performance and social /

²¹ Still in some parts of the world there are some industrial engineers who don't know the exact meaning of social responsibility and think of it as something related to social sciences, rather than an integral aspect of sustainability. Sustainability requires R&D and technological development – which is what industrial engineering is concerned with.

²² Often sustainability and sustainable development are treated as synonymous, while others make a difference. Still others conflate this with social responsibility. For the purposes of this paper these differences do not matter.

environmental performance are seen as being in conflict with each other through this dichotomisation (see Crowther 2002; 2012). Consequently most work in the area of corporate sustainability does not recognise the need for acknowledging the importance of financial performance as an essential aspect of sustainability and therefore fails to undertake financial analysis alongside – and integrated with – other forms of analysis for this research²³. Aras & Crowther (2007b) argue that this is an essential aspect of corporate sustainability and therefore adds a further dimension to the analysis of sustainability. Furthermore they argue that the third dimension sometimes recognised as organisational behaviour needs to actually comprise a much broader concept of corporate culture. They therefore argue that there are therefore 4 aspects of sustainability which need to be recognised and analysed, namely:

- ***Societal influence***, which is defined as a measure of the impact that society makes upon the corporation in terms of the social contract and stakeholder influence;
- ***Environmental Impact***, which is defined as the effect of the actions of the corporation upon its geophysical environment;
- ***Organisational culture***, which is defined as the relationship between the corporation and its internal stakeholders, particularly employees, and all aspects of that relationship; and
- ***Finance***, which is defined as providing an adequate return for the level of risk undertaken.

These four must be considered as the key dimensions of sustainability, all of which are equally important. This analysis is therefore considerably broader – and more complete – than that of others.

Often sustainability and sustainable development are conflated but they are actually different. Sustainable Development is development that attempts to bridge the divide between *economic growth* and *environmental protection*, while taking into account other issues traditionally associated with development. It seeks to develop means of supporting economic growth while supporting biodiversity, relieving poverty and without using up natural capital in the short term (Daly 1999) at the expense of long term development. Indeed there is a growing consensus that firms and governments in partnership should accept moral responsibility for social welfare and for promoting individuals' interest in economic transactions (Amba-Rao, 1993).

There is a considerable degree of confusion surrounding the concept of sustainability: for the purist sustainability implies nothing more than stasis – the ability to continue in an unchanged manner – but often it is taken to imply development in a sustainable manner (Marsden 2000; Hart & Milstein 2003) and the terms sustainability and sustainable development are for many viewed as synonymous. In this paper the definition has been taken as being concerned with stasis (Aras & Crowther 2008); at the

²³Of course the fact that many researchers do not have the skills to undertake such detailed financial analysis even if they considered it to be important might be a significant reason for this.

corporate level if development is possible without jeopardising that stasis then this is a bonus rather than a constituent part of that sustainability. Moreover, sustainable development is often misinterpreted as focusing solely on environmental issues. In reality, it is a much broader concept as sustainable development policies encompass three general policy areas: economic, environmental and social. In support of this, several United Nations texts, most recently the 2005 World Summit Outcome Document, refer to the "interdependent and mutually reinforcing pillars" of sustainable development as economic development, social development, and environmental protection.

Access to resources

Central to this social contract is a concern for the future which has become manifest through use of the term sustainability. This term of sustainability has become ubiquitous both within the discourse of globalisation and within the discourse of corporate performance. Sustainability is of course a controversial issue and there are many definitions of what is meant by the term. At the broadest definitions sustainability is concerned with the effect which action taken in the present has upon the options available in the future (Crowther 2002a). If resources are utilised in the present then they are no longer available for use in the future, and this is of particular concern if the resources are finite in quantity. Thus raw materials of an extractive nature, such as coal, iron or oil, are finite in quantity and once used are not available for future use. At some point in the future therefore alternatives will be needed to fulfil the functions currently provided by these resources. This may be at some point in the relatively distant future but of more immediate concern is the fact that as resources become depleted then the cost of acquiring the remaining resources tends to increase, and hence the operational costs of organisations tend to increase.²⁴ Thus, regardless of replaceability, the cost structure of business inevitably changes²⁵ and this has implications for sustainability.

The logic of the economic system under which the world operates is predicated on an assumption that development is possible and that the pricing system mediates the acquisition of the additional resources required for that development. This is perfectly in accordance with the assumptions made by Brundtland and accepted ever since. Consequently governmental attention has been focused upon the operation of the pricing system with a desire to reduce transaction costs and the various rounds of GATT²⁶ / WTO²⁷ as a mechanism for reducing the transaction costs of international trading. Meanwhile environmentalists have been showing that the resources of the world are overused and usage is not sustainable at this level and there is starting to be a general understanding of the meaning of resource depletion.

²⁴ Similarly once an animal or plant species becomes extinct then the benefits of that species to the environment can no longer be accrued. In view of the fact that many pharmaceuticals are currently being developed from plant species still being discovered this may be significant for the future.

²⁵ At the present time this has become very manifest in the dramatic rise in the price of oil, and the consequences for the world economy.

²⁶General Agreement on Trade and Tariffs

²⁷World Trade Organization – the successor to GATT

While this has been occupying the minds of people in the developed western world a number of countries have adopted a strategy of rapid growth and economic development. Principal among these have been the BRIC countries. These countries have access to a large proportion of the remaining natural resources of the world while also having large populations and therefore great scope for rapid economic growth. This development therefore puts a lot of pressure upon the world economic system and has the effect of bidding up the cost of resources and placing a limitation upon the possibility of development by increasing the cost of economic activity and diverting resources into the bidding process instead of into production. This has the effect of reducing the pace of development and placing tension into the world economic system.

Now let's have a review on the details of remaining resources available in these countries. China is the largest country in the world as well as the fastest growing in terms of GDP – with a consequent demand for resources in terms of energy and raw materials. It has deposits of every one of the 150 minerals found so far in the natural world. The amount of proven deposits in the country has been made clear for 135 of them. Of these, more than 20 rank in the forefront of the world. Ranking first in the world, in proven deposits, are 12 minerals: tungsten, antimony, titanium, vanadium, zinc, rare earth, magnesite, pyrite, fluorite, barite, plaster stone and graphite. Ranking second and third are six: tin, mercury, asbestos, talcum, coal and molybdenum; and ranking fourth are five: nickel, lead, iron, manganese and the platinum family. China ranks third in the world in the deposit of 45 important minerals. It is one of a few countries where mineral deposits are rich and varieties are fairly complete.

Brazil is also a rapidly developing country. It contains the Amazon jungle with therefore considerable access to both timber and to mineral resources such as quartz, diamonds, chromium, iron ore, phosphates, petroleum, mica, graphite, titanium, copper, gold, oil, bauxite, zinc, tin, and mercury. The main natural resources of India are iron ore, bauxite, and copper ore. India is one of the major producers of iron in the world. Gold, silver, and diamonds make up a small part of other natural resources available in India. A major portion of the energy in India is generated from coal. It is estimated that India has around 120 billion tons of coal in reserve, enough to last for around 120 years. Huge reserves of petroleum have been found off the coast of Maharashtra and Gujarat. Additionally electrical energy is generated by hydroelectric power, coal, and nuclear energy. Half of the hydroelectric power is generated by snowfield reservoirs high up in the Himalayas. Huge dams have also been built across many major rivers to produce electricity and water for irrigation.

Russia is the world's largest mineral and energy supply and is known as an "energy superpower", containing 22% of the world's oil, 16% of the world's coal, and 40% of the world's natural gas. It is also very well known for its trees, and has 20% of the world's timber and wood. The most common natural resources are iron ore, nickel, coal, gold, diamonds, furs, petroleum, zinc, aluminum, tin, lead, platinum, titanium, copper, tungsten phosphates, and mercury. It also has the world's largest oil reserves, the second largest coal reserves, largest lead reserves, largest reserves of water in lakes, the

largest diamond deposits, the second largest potassium reserves and enormous fish reserves.

Not only do these four countries contain a significant proportion of the world's reserves of raw materials but they are also rapidly developing countries with that development fueled by their raw materials. One consequence of this is that the resources available to other countries in the developed world are constrained by this rising demand, with a number of possible consequences.

Conclusions

Although it is generally accepted that resources are becoming depleted as they become used up the discourse in the developed world is towards the conservation of resources and towards energy efficiency. So it is generally accepted that resource depletion will affect the economic environment. It is not yet however fully recognized that development in other parts of the world will exacerbate this pressure and lead to a greater need to compete for the available resources. This competition will be economic but could also become physical as the world adjusts to a new geopolitical environment. This is not yet recognised.

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CSR Communication in Turkey: an Analysis of Three Award-Winning Projects, Seçil Deren van het Hof & Sibel Hoştut

Akdeniz University, Faculty of Communication, Department of Public Relations and Publicity,

Antalya 07058, Turkey

Abstract

This paper focuses on the communication of CSR campaigns with a special emphasis on social networks. Three successful CSR campaigns, namely, “My Mom’s Job is My Future”, “Pomegranate Grains”, and “We Actuate Our Energy” were analysed to identify the use of social media in communicating with publics. The findings show that even the best awarded campaigns do not practice their communication efforts in a dialogue with their publics. One way communication has been accomplished primarily through web sites and Facebook. Dissemination of information was the most often used strategy. The insights, shared by the web sites are useful and simply to follow, but not related to build and maintain strong relationships with publics. The fact that the communication aspect of CSR campaigns is not as pungent as the projects themselves appears as a lost opportunity not only for the business but also for the public support for the CSR in Turkey.

Keywords: CSR Online Communication, Social Networks, Public Relations.

Introduction

Social network sites provide organizations to interact with key publics and allow users to engage with one another on topics of mutual interest; this should provide the ideal conditions necessary for stimulating symmetric communication (Bortree and Seltzer, 2009: 317). Clark (2000) maintained that the Internet permit the activity of the audience and thus has a great potential for active audiences seeking information on corporate responsibility. In similar vein, Holtz (2002) argued that the use of the internet have altered corporate communication in two fundamental aspects: first, it changed who provides information and second how audiences obtain the information they need. Internet has primarily transformed communication from a sender-based model to a receiver-based model. The new media have transformed receivers into active participants in the communication process, either by actively seeking information or by actively creating and distributing information as senders (Capriotti, 2011: 360).

The leading social networks are usually available in multiple languages and enable users to connect with friends or people across geographical, political or economic borders. In 2012, more than 1.4 billion internet users [accessed social networks](#). Market leader Facebook was the first social network to surpass [1 billion monthly active users](#). Social network usage by consumers is highly diverse: platforms such as Facebook or Google+ are highly focused on exchanges between friends and family and are constantly pushing interaction through features like photo or status sharing and [social games](#). Other social networks like Tumblr or Twitter are all about rapid communication and are aptly termed microblogs (Statista, 2015). Beside other CSR communication tools online communication enables corporate communicators to interact in a direct and timely way with persons who are concerned about the social responsibilities of an organization (Esrock and Leichty, 1998: 308-309). Recognizing the value social media provides for engaging with publics, many organizations have eagerly adopted and actively used social media as part of their communication efforts (Cho, Schweickart and Haase, 2014: 565), but little is known about how these organizations are using these sites to communicate their CSR campaigns with their publics. This research focuses on social media practices of the most successful CSR campaigns conducted in Turkey. It tries to describe how online communication tools are used for communication of social campaigns. Further the visibility of CSR campaigns in traditional and social media are compared.

CSR Communication

The European Commission (2011: 1) regards CSR as “the responsibility of enterprises for their impacts on society ... to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close cooperation with their stakeholders”. Thus, the clear identification of key stakeholders and their expectations, followed by a continuous CSR dialogue, remain cornerstones of the CSR communication strategy (Moan et al, 2009: 83).

Over the last 20 years, a leading body of public relations literature has been developed around symmetry in communication (Etter, 2014: 323), starting from the synchronic communications and diachronic communications dualism (Thayer, 1968; Grunig, 1976) to the four models of public relations (Grunig and Hunt, 1984). Several researches in relation to CSR and CSR communication explore which communication strategies are used towards which stakeholders through which channels (Grunig 1979; Matten and Moon 2008; Morsing and Schultz, 2006; Schoeneborn and Trittin, 2013). Morsing and Schultz (2006) outlined 3

CSR communication strategies derived from Grunig and Hunt's (1984) models of PR communication strategies, which differ from each other in eight aspects: communication ideal, sense making and sense giving, stakeholder role, identification of CSR focus, strategic communication task, corporate communication department's task, third party endorsement of CSR initiative (Morsing and Schultz, 2006: 326). Since press agency is totally in conflict with the spirit of CSR, Morsing and Schultz (2006) build their approach on three strategies:

The stakeholder information strategy, similar to Grunig & Hunt's (1984) public information model, is based on one-way communication strategy from the organization to publics with the purpose of disseminating information (Grunig and Grunig, 1992: 288). Communication is viewed as 'telling, not listening' (Grunig and Hunt, 1984: 23). Corporations adopting a stakeholder information model engage in active press relations programmes and concurrently produce information and news for the media, as well as a variety of brochures, pamphlets, magazines, facts, numbers and figures to inform the general public (Morsing and Schultz, 2006: 326-327). *The stakeholder response strategy* is based on a 'two-way asymmetric' communication model, as opposed to the two-way symmetric model of the stakeholder involvement strategy (Morsing and Schultz, 2006: 327). In both models, "communication flows both to and from publics" (Grunig and Hunt, 1984, p. 23) and public relations practitioners are both talking and listening. Purpose describes whether the model is asymmetrical or symmetrical. Asymmetrical communication leaves the organization as it is and tries to change the public, in contrast the symmetrical communication adjusts the relationship between the organization and public (Grunig and Grunig, 1992: 289). *The stakeholder involvement strategy* suggests that companies engage frequently and systematically in dialogue with their stakeholders in order to explore mutually beneficial action – assuming that both parties involved in the dialogue are willing to change (Morsing and Schultz, 2006: 328). According to Grunig (1989), the two-way symmetrical model is the most desirable.

CSR Communication Tools

"CSR communication is a very delicate matter. While stakeholders claim they want to know about the good deeds of the companies they interact with, they can easily become leery of extrinsic motives when companies promote their CSR efforts (Du, Bhattacharya and Sen, 2010: 17)." According to Du et al (2010) key elements in CSR communication covers questions surrounding message content, channel, and understanding of the stakeholder - specific factors that influence the effectiveness of CSR communication. The biggest challenge

that companies face in communicating CSR is to put together a message about the significance of CSR for the company. Another challenge is justifying, explaining and convincing different stakeholders and interest groups why certain CSR issues are logical and necessary to be undertaken by the company. In terms of the content, CSR communication should use a culturally sensitive language and include solid data on the budget and the social benefits of the project. Moreover, third party endorsement by specialists, celebrities, employees, stakeholders, NGO representatives are crucial to guarantee an earnest image. In sum, the CSR communication will shape the awareness, attitudes and identification on the issue and maintain loyalty and advocacy by the customers, employees and investors (Du, Bhattacharya and Sen, 2010: 10-11).

Final challenge for CSR communication is about the source of information. How and why the stakeholders get their information remain as important issues in the face of CSR communication. For this corporations use a wide range of channels, including social reports, codes of conduct, web sites, social networks, internal channels, prizes and events, cause-related marketing, product packaging, interventions in the press and on TV, and points of sale. However, three channels in particular – social reports, web sites, and advertising – seem to play the prominent role, as shown in several recent studies (Birth et.al, 2008: 185).

Present researches show that CR reporting is now undeniably a mainstream business practice worldwide, undertaken by almost 93% of the world's largest 250 companies (KPMG, 2013: 11). There is no universally standardized method for social reporting (Slaper & Hall, 2011, p.5), but widely accepted approaches are those outlined by the Global Reporting Initiative (GRI), the AA1000 AccountAbility Standard, SA8000 and the UN Global Compact.

A web site has the potential to play a prominent role in CSR, particularly as a means to influence agenda (Esrock and Leichty, 1998: 308). According to Esrock and Leichty (1998: 309) corporations can use the web sites to interact with audiences and provide information directly to individuals without having to pass through the gatekeepers of the news media. The medium could be used to express the organization's position on policy issues and thereby draw attention to those matters. Online communication provides public relations practitioners an opportunity to create dynamic and lasting relationships with publics (Kent and Taylor, 1998: 325-326). For example sending public messages on Twitter, creates a dialog between the organization and the user, but it is also viewable by anyone following the organization's or the individual's account (Lovejoy et al., 2012: 314).

The number of Turkish individuals with access to social network is growing rapidly. Turkey is witnessing an explosion in online social media networks with 46 million internet users (June 2014), representing 56,7% of the population ([Internet World Stats](#), June 2014). Currently, there are 32,131,260 Facebook users in Turkey, with a penetration equal to 41.59% of the population. There are 7.2 million Twitter users, 5.3 million of those use Twitter actively. While Turkish users have reached the speed of sending 20 tweets per second, totally 1.7 million tweets are sent daily. According to a recent research, 47% of Twitter users are woman and 53% are man (Demirtaş, 2012: 122). Twitter is a controversial but extremely popular social network as it has been the tool for much political and social expression in recent years. These rankings have made social media a powerful rival to Turkey's mainstream media (www.businessculture.org, 2015).

Advertising plays another important role in raising the awareness of those individuals who are interested in purchasing products with CSR attributes (McWilliams and Siegel, 2001: 120). Therefore advertising has been abundantly used in the last decades to communicate social dimensions, but the effectiveness has been quite controversial (Drumwright, 1996: 71; Birth et.al, 2008: 186). According to Drumwright (1997) the company advertisements with a social dimension, like it is when a company is communicating its CSR effort, are the most controversial of marketing approaches because on the one hand, it can be seen as marketing's greatest contribution to society, but on the other hand, it can also be seen as marketing's most impatient exhaustion. For that reason, the right communication strategy about CSR activities has become a key factor to generate positive outcomes out of a company's CSR engagement and to avoid negative attitudes and behavior regarding the company (Schiefelbein, 2012: 3).

Methodology

In order to understand the role of social media in CSR communication, content analysis on three award winning CSR projects in Turkey was applied. Content analyses produces results statistically, is objective, qualitative, systemic, descriptive and illustrative. It allows the researcher to code sampling and formulize the qualitative data (Xue & Yu, 2009). However, the research is not without limitations. These should be considered by generalizing the validity of the investigation. First, the study is limited by the sampling frame. The analysed campaigns do not cover all awarded 36 campaigns conducted by corporations therefore cannot be generalized to all campaigns. As explained previously, only campaigns which received more than one award were analysed.

Second, the content analyses did not evaluate the overall quantity or quality of content in each communication tool. Third, the findings are time bound, because the use of the sites continues. The main goal of the analysis is to identify the most common used social media sites for the communication of awarded CSR campaigns.

For this, most successful CSR campaigns conducted in Turkey were analysed with respect to their attempts at dialogue as well as visibility. In order to analyse communication efforts and its distribution along traditional and the new media, we selected three cases. These cases emerged as the best CSR practices in the last two years in Turkey. In deciding for the cases, we cross compared three CSR awards in Turkey granted by *Public Relations Association of Turkey*, *CSR Europe-Turkey*, and *Corporate Social Responsibility Association of Turkey* in 2014. Among 36 projects, “My Mom’s Job is My Future” (by Borusan), “Pomegranate Grains” (by Boyner), and “We Actuate Our Energy” (by Yedaş) received more than one award.

My Mom’s Job is My Future launched by Borusan Holding aims to increase women’s employment rate in industry and support empowerment of women. To make life easier for women who cannot go to work because of their childcare obligations the project planned to open day care facilities called “Borusan Joy Factories” for children aged between 0 and 6 in 10 organized industrial zones of 10 cities across Turkey. Main partner in the project are the Ministry of Family and Social Policies and the Ministry of Science, Industry and Technology.

Pomegranate Grains launched by Boyner Holding, aims at empowerment young woman between the ages 18-24, who has grown up in orphanages of the Family and Social Policies Ministry Directorate General for Child Services. In order to encourage these young women to continue their education, acquire personal development and job search skills improving the promotion of participation in the labor market, the project launched a mentoring program in association with the employee volunteer system. By means of the mentoring program, the project aims to contribute to the solution of problems arising from discrimination based on gender.

We Actuate Our Energy is an umbrella topic for several economic (“Women’s Labor Market”, “Regional Economy Meetings”, “Energy Consultants in Progress”, “You Do The Best We Cover The Energy”), environmental (“Protecting White Headed Duck”, “Enlightening our History”, “Enlightening our Environment”), and social projects (“Using Energy Efficiently”, “I Use Energy Correctly”, “Youth Teach New Tricks To Old Dog”,

“Enlightening Our Culture”, Yedaş Energy Truck”, “Yedaş Energy Theater”, “Customer Relations Seminar”) conducted by Yedaş to enhance region's economic development, and effect entrepreneurship and production in a positive way.

Based on the literature on CSR communication and social media tools the following Research questions guided this study.

RQ1: Which online communication tools are effectively used to communicate about the CSR campaign?

RQ2: How is social media used to build online relationships with primary publics?

In accordance with the research questions, online CSR communication channels were analysed, especially the web sites, social advertisements, Facebook, Twitter, blogs, and video shares on Youtube. Data were collected for one month period between June 1 and June 30, 2015.

CSR communication has to be transparent and inclusive and for this must employ dialogic communication tools. After documenting all communication efforts of the afore mentioned projects, we also analysed how involving their communication strategies were. We accepted the presence of certain features of their web sites as an indication for the involvement of stakeholders. According to Morsing and Schulz (2006: 326) these features are stakeholder content (articles, comments, pictures), contact information (address, phone, e-mail), FAQ (for different stakeholders like the investors, customers, service benefiter, NGOs, volunteers, etc.), third party endorsement, feedback form, links to social media (Facebook, Twitter, youtube), forums and chats, polls and surveys, links to web sites of partners, stakeholders and supporters. How dialogic the online communication tools are used is presented in the tables below.

Findings

Table 1: Features of Web sites

	<i>My Mom's Job is My Future</i>	<i>Pomegranate Grains</i>	<i>We Actuate Our Energy</i>
<i>Stakeholder Content</i>	●	●	●
<i>Contact Information</i>	●	●	●
<i>Faq</i>	○	○	○
<i>Third Party Endorsement</i>	●	●	○
<i>Feedback Form</i>	○	○	○
<i>Links to Social Media</i>	●	●	●
<i>Forums and Chats</i>	○	○	○
<i>Polls and Surveys</i>	○	○	○
<i>Links to Web Sites of Partners, Stakeholders and Supporters</i>	●	●	●

The web site of *My Mom's Job is My Future* has links to information and objectives about the project, news, architectural design competition for daily child care facilities, and contact. The site provides links to the corporations Facebook and Twitter account. Project partners are mentioned on the site without giving a link. *Pomegranate Grains* has links to the content, events, timetables, information for people who will support the project, news, and an e-mail link. The site has a link for letters from people who joined or supported the project. The site provides also a link to the Facebook account of the project, project partners, documentary film and publications. *We Actuate Our Energy* has links about the projects, the events, news, gallery, press and e-mail. The site provides also a link to the Facebook and Twitter account of the project. All sites included information directly related to the project and an e-mail link to receive questions and comments from visitors.

Online communication tools used by the campaigns are mainly web sites and Facebook. These tools are mainly used for dissemination of information related to the aims and objectives of the project, upcoming events, pictures of completed events and organizations.

Table 2: Use of Social Media Tools by Three Social Campaigns

Medium	My Mom's Job is My Future Between 2013-2017	Pomegranate Grains Between 2009-2013	We Actuate Our Energy Between 2012-2016
Social Ad	○	○	○
Web site	●	●	●
Facebook	Directs to the corporations profile	https://www.facebook.com/NarTaneleri ; Like: 1.709	https://www.facebook.com/enerjihareketi ; Like: 8.581
Blog	○	○	○
Twitter	○	not active	●
Youtube/ Dailymotion channel	●	●	○
Vikipedi	○	○	○
Ekşisözlük	●	●	○

Facebook

The Pomegranate Grains Facebook has been liked by 1.709 people. Only 40 messages and 31 pictures were shared between the years 2009-2013, 35 comments were made by followers. The followers mostly expressed their thanks to the campaign, and mentioned that they support it. The Facebook site provides information and a documentary film, shares upcoming dates, deadlines and pictures from completed events.

We Actuate Our Energy Facebook profile has been liked by 8.581 people. The Facebook site provides beside information to social projects largely the developments and innovations of the corporation. Further it shares upcoming dates and deadlines, provides pictures and videos from completed events, and congratulations to national and religious feasts. Between the years 2012- and 2015, just seven comments were made by followers. They mostly expressed their thanks to the campaign.

Conclusion

Today, online communication is a communication tool that offer public relations professionals extraordinary new opportunities (Esrock and Leichty, 1998: 317) to build and maintain relationships with publics. There are several researches in the literature that one-way information on corporate CSR initiatives is necessary, but not enough (e.g. Morsing and Schulz, 2006: 325). There is an increasing need to develop sophisticated two-way

communication processes when companies convey messages about CSR (Morsing and Schulz, 2006: 325). According to World Business Council for Sustainable Development (2002) “stakeholder dialogue is a powerful catalyst for change. It promotes greater transparency, information sharing and inspires society to work together.”

The aim of this investigation is to highlight the online CSR communication practises (web sites, Facebook, Twitter, blogs, you tube) of three social campaigns. The findings show that the used social media tools didn’t meet the purpose of building a dialogue with publics. Web sites and Facebook profiles are primarily used to disseminate information about the campaign, to share upcoming dates, deadlines and pictures from completed events. Among the four models of public relations the public information was the most widely used model. These findings show parallel results with earlier studies. Esrock and Leichty (1998) found that web pages are primarily utilised to disseminate corporate social responsibility information in much the same way as other traditional, one-way corporate communication vehicles do. As found in Waters et al (2009: 105) “nonprofit organizations failed to take advantage of the interactive nature of social networking. They rarely provide information in forms other than external links to news stories, photographs, and discussion board posts, and they only attempted to get interested parties involved by providing them with a contact e-mail address to obtain more information.”

In response to RQ1, the general emphasis is a one way communication, mainly to disseminate information as required about the campaign. The insight shared is user friendly but fairly rare in content details. According to Esrock and Leichty (1998: 317) online communication tools are designed to facilitate meaningful two-way interaction between organizations and their publics. Bu the investigated cases proved to be surprisingly weak and ineffective in using these tools to build and maintain relationships with publics. So, public relations practitioners should monitor how international organizations are using the web and social media to get ideas that can help them to implement the technology in an interactive way (Briones et.al, 2011: 38). The American Red Cross for example is using a wide variety of tools such as web sites, blogs, Twitter, and Facebook to develop relationships focused on recruiting and maintaining volunteers, updating the community on disaster preparedness and response, and engaging the media. By having a two-way dialogue through social media, the American Red Cross reports providing faster service for the community, generating more

media coverage, and receiving positive and negative feedback from stakeholders to improve the organization (Briones et.al, 2011: 41).

Answering RQ2, the cases did not indicate any real attempt at dialogue and cooperation. This can be observed not only in the design of the projects, but also in their web sites. The organizer didn't use effective strategies such as forums and chats or polls and surveys to collect information and proactively correspond with publics. Finally these projects were not successful in involving their stakeholders by using two way communication tools provided by the new media either. As mentioned by Kent and Taylor (1998: 325) "to create effective dialogic relationships with publics necessarily requires just that: dialogue. Without a dialogic loop in Webbed communication, internet public relations becomes nothing more than a new monologic communication medium, or a new marketing technology."

Last but not least, online communication of CSR campaigns conducted in Turkey point to the need for more comparative research. Because online CSR communication tools are important communication vehicles between a campaign and its publics, the content of the disseminated information should regularly analysed from the perspective of the demands and interests of publics and the society at large.

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Micro Finance and Women Empowerment, M. Abu Naser & Professor David Crowther

Abstract

The subject of this study developed from a personal interest in the financial crisis of developing countries. This paper will try to give direction to the attractiveness of micro credit and empowerment between the UK based women small scale entrepreneur and women micro financed based entrepreneur who live in developing countries.

The small size of the loans and the fact that they are often not backed by collateral has given rise to experimental lending techniques. One such technique is group lending, also called joint liability lending (pioneered by the Grameen Bank). Borrowers are required to form groups, and to bear some liability for the loans of fellow group members. As several economists have shown theoretically, joint liability lending can partially or completely overcome the informational and enforcement limitations that make uncollateralized lending hard – in the context of moral hazard (e.g., Stiglitz, 1990, Banerjee et al., 1994), adverse selection (e.g., Ghatak, 1999, 2000), and strategic default (e.g., Besley and Coate, 1995).

This paper will exemplify that debt is not an effective tool for helping most poor women to enhance their economic conditions also state of management of micro finance based enterprises. This paper proposes microfinance insights points to areas where new research is desirable, particularly around possibilities and constraints for serving by the poor women and social effects.

This research indicates among women entrepreneurs, most or a majority of women entrepreneurs engaged in micro and small business segments that in fact the majority of them lived or live in rural areas and have difficulties in accessing financial services. In addition, to access to finance there are lots of all other factors required to be a successful entrepreneur, such as use of technology and availability of technology, access to market information and how to used information and concept opportunity cost of capital, training, empowerment, work and social life balance.

In UK some kind of social change and the hard work of those who sought to bring that change about. We now see fathers as more than just breadwinners or disciplinarians and this change have not just floated into being. It is not down to luck. It is down to those who have sought to challenge old ideas, to live a different way and to challenge others to do the same. Unfortunately, in Bangladesh mainly in rural area this kind of social change yet to happen. Even though women are contributing and participating as breadwinner their contribution towards family is significantly higher than man. Women empowerment should be an ongoing process of reflection, analysis and action.

How Managers Perceive Internal Corporate Social Responsibility? An Empirical Study of Indonesian Women Employment, Kurnia Perdana

Abstract

The aim of this study is to find out the perception among the managers on employment practice and human rights of Indonesian women employee. The research was conducted by using quantitative approach. Data collection was gathered through a questionnaire to perform the Kruskal-Wallis and Mann-Whitney U test that compare the managers' perception. The samples of the research are top, middle and lower level managers in Indonesian companies. Author found three most important managers' perception concerning human rights, they are needs of particular unit to handle complaint of discrimination, guarantee of rights to associate and give opinion and work force. There are also 3 most important managers' perception on employment practice. They are sexual harrasment, time flexibility for breastfeeding, and counselling facilities and employee risk anticipation. The originality of this study is empirically exploration of the multilevel managers' perception of women employment practice and human rights in Indonesia.

Key words: perception, human rights, woman employment, multilevel managers, internal CSR.

Introduction

The Company in its operations cannot ignore the interaction with the stakeholders. The stakeholders' role is urgent since they might affect the company's operations including the success of the CSR policy. Various motivations behind CSR performance are to earn profit and economic value of the company, firm political legitimacy, the fulfilment of social demand and the fulfilment of the demand of business ethics values (Garriga and Mele, 2004).

Implementations of business ethics based on the relationship with the stakeholders has unique and specific interaction with one or two ways exchange. These are the fundamental interaction firm with its stakeholders. Shareholders invest in a company and receive the potential return for dividends and capital gains. Creditors lend funds and collect payment of interest. Distributors and retailers engage in the market as they distribute the product or services. Employees contribute their competency and knowledge in exchange for salary, benefits and the opportunity for individual satisfaction and professional carrier development.

Business will not operate without employees who run the corporate function. Due to the importance for both legal and ethical responsibility, firm's interaction with the employee should be managed properly and carefully. On the other hand, employees are increasingly questioning the meaning of their work and companies that fail to realize it will face the problems in attracting, retaining and engaging the best employees

(Bhattacharya et al., 2008). Employers have obligation to provide safe and healthy work facilities, equal opportunity among the employees. As the employees who are exposed to internal CSR are more engaged than those exposed only to external CSR practices (Ferreira and de Oliveira, 2013).

Furthermore there is an interesting uncontested evidence that stronger CSR performance would generate firm's positive reputation and is associated with stronger financial performance results showed by strong relationship between employee engagement and stock price, income growth, and overall financial performance (Edmans, 2011). There are some good reasons for companies to be more fully engage with their employees, could be begin with proper decency to competitive advantages in recruiting, career development, productivity and retention to more effective human resource management (Marvis, 2012).

On the other hand Mueller et al (2012) showed that perceived of CSR was positively related to employees' affective commitment. Alam (1999) has undertaken a research in New Zealand about perceptions of business ethics of middle and lower managers. Moreover Menz (2011) reviewed the disconnected research on various functional top management team members; to identify the variables of interest, the dominant relationships, and the contributions; and to organize the existing knowledge into a framework.

Feminist perspective nowadays is one among the top of research issues (Jia and Zhang, 2013; Grosser, 2015; Alonso-Almeida et al, 2015). Companies' perceptions of CSR have been partially analysed based on top managers and mostly offer comparison between men and women (Alonso-Almeida, 2015). Grosser & Moon (2005) demonstrated that information disclosed in companies' CSR reporting which use the integration of human capital management reporting, CSR reporting guidelines and socially responsible investment indicators concerning with gender mainstreaming was very limited. That limitation showed that internal CSR performance related to women employment is very low. Very few companies disclosed information about difference of salary between men to women (Cahaya et al, 2012)

Based on our best knowledge there have been no research focused on managers' perception of the women employment practice and their human rights. Hence, author strongly interested to investigate the perception of multilevel managers concerning the internal CSR of Indonesian woman employment.

CSR in Indonesia

In Indonesia, Gunawan (2010) investigated the eight important aspects to the stakeholder regarding the annual report disclosure among 119 listed companies in Indonesia Stock Exchange in the year 2003-2005. The result showed that there was a gap between the important information experienced by the stakeholder and the information disclosed by the companies. The important CSR information is product, environment, sustainability, human resources, energy, external relation, community and other information (Gunawan, 2007). In the area of corporate social and environmental

disclosure on the official web site, the Indonesian listed companies showed low performance. The most disclosed information is community and followed by human resources. And it could be conclude that practice of Indonesia corporate social and environmental disclosure is still at an early stage. (Djajadikerta and Trireksani, 2012)

On the other hand, CSR in Indonesia is a mandatory based on Indonesian Law No 25 (2007) and Indonesian Law No 40 (2007). Furthermore From 1 August 2012, under the Indonesian Securities Supervisory Agency's (BAPEPAM) regulation, all listed companies are required to disclose any CSR activities in their annual reports. Whether it is voluntary or mandatory the adoption of CSR has created ambiguity concerning the substance and procedures (Waagstein, 2011).

In internal CSR context, Indonesian companies do not clearly communicate labour responsibility issues. Majority of employees in Indonesia perceive that CSR is about donation. As a result, the CSR performance disclosed was more likely to focus on 'donation' or 'community development' information (Djajadikerta et al, 2009). Cahaya et al (2012) argue that companies in Indonesia showed low level of labour issues in their reporting as Indonesian companies do not take into account that communicating in labour responsibility issues as a key precondition of CSR. Consistent with Gunawan (2010) and Gunawan (2007) that employee issues were disclosed with very limited information in the annual report.

Internal CSR

The corporate decision-making process has to able to foster the participation and self-governance of employees as a part of corporate governance. The approach to industrial relations and labour unions provide a critical atmosphere for a potential governance role for employees as they affect mode, agenda, and effectiveness of various practices of employee participation (Young and Thyl, 2009).

Internal CSR demonstrated by Albdour and Altarawneh (2012) has significant relationships between governance, organizational engagement and job engagement. Author could classify internal CSR practice into two dimensions, labour practice i.e. work life balance, training and education, health and safety, at the same time human rights i.e. work diversity and employees' human rights. Women are sensitive in the field of employment. The increasing of work hours would have stronger effects for women employee particularly in urban area (Gond et al, 2011; Pratomo, 2014).

Managers need to comprehend that the internal CSR positively influenced for the satisfaction of internal stakeholders that is vital to the firm's success, they should take into account when they plan the strategic CSR and communicate it as well with internal stakeholders (Luthans, 2005; Lee et al, 2013). The implementation of responsible business practice could support company in creating competitive advantage, positive influence on employee loyalty and employment (Dagiliene, 2010).

Managers' Perception of CSR

Deshpande (1997) responded that there may be difference in perception of proper ethical beliefs and conduct based on gender, age and educational background. Older

managers, male managers and lower educated managers were perceived more unethical than the reverse. Yet, in the year 2000 approaches, in conjunction with the standardized of education level in managers position and less male dominated, has changed prior research results become more ethical.

Research conducted by Grosser (2015) declared that top managers have limited perception of the scope and scale of CSR practice, defining it loosely with reference to business discretionary behaviour. They conceptualized CSR much more widely such as describing core business operations and operational impacts to companies' stakeholders, widen the profit potential in the market and intersection of business and human rights. Top managers also perceived that three major interest group as company's stakeholders are the media and the public opinion, clients or consumers and suppliers (Viia and Alas, 2009). Andre (2013) argue that there are five ways to understand CSR concept deeply based on the corporate behaviour concerning of CSR practice are critical conception, ethical or normative, instrumental, supererogative and sustainable.

In addition, Luthan (2005) argued that managers' perceptions are different to the employees' perception and Alam (1999) denoted that middle and lower managers have strong beliefs concerning of business ethic and CSR. Some of them were indicated that emphasis based on religion for corporate ethical environment aspects, social values and ethical audit, commitment of top management, reward for good ethical values were perceived as the important factor of CSR. However, the involvement of the middle and lower managers are quite divergent, depending on the specific corporate social activities (Hutjens, 2015)

Based on the relevant literature authors developed the following general RQ:

RQ1. What are the perception of different level of managers regarding the human rights of women employees?

RQ2. What are the perception of different level of managers regarding the women employment practice?

Hypotheses Development

Previously research describe that top managers with their strong authority have wider CSR paradigm and they prioritized more on external aspect such as implementation of business ethics, greater positive public opinion, increasing number of loyal consumers and manageable supplier rather than internal aspect (Deshpande, 1997; Andre, 2013; Grosser, 2015). Meanwhile middle and lower managers who work at the technical level, viewed CSR as an instrument to improve productivity, increase volume of sales and corporate sustainability. Divergent results were showed by some research on middle and lower managers' perception. Some scholars found religion, social sensitiveness and culture are the considerably aspect of CSR (Djajadikerta et al, 2009; Hutjens, 2015).

According to the arguments, author posit the following null-hypotheses as follow:

H1: There are significant perception differences of woman employees' human rights among multilevel managers.

H2: There are significant perception differences of woman employment practice among multilevel managers

Methodology

This pilot study was conducted in Indonesia during March 2014 – April 2015 on the managers' perception of woman employment practice and human rights of woman employee practice. In order to investigate the difference of internal CSR among the managers, author develop a two parts questionnaire comprising 18 questions, 9 questions are concerning human rights of women employee in the first part. And the second part is concerning practice of woman employment. The survey used a six-point Likert Scale ranging from strongly agree to strongly disagree in obtaining richer numerical pattern in the managers' perception.

Currently women have work experience consistent with men, even though in some sociological theories proven that there is no divergent ethical perception and responses between men and women, except in their experience in similar occupational condition (Luthan, 2005; Weeks, 1998). Some studies in western countries found that women were more ethically sensitive than men. Yet in eastern countries i.e. China and Thailand showed opposite result, those men were proven more ethically sensitive and caring than women (Roxas and Stoneback, 2004). Hence author do not distinguish gender as a consideration in the determination of sample.

The multilevel managers gathered in the study are typically found in each organisations. They are top, middle and lower managers. Top level are responsible for controlling and overseeing the entire organizations. They are elected by shareholders to established corporate policies and make management decision. Middle level managers are responsible for executing organizational plans which comply with the company's policy. They are company employees that are accountable for controlling and overseeing a department. Middle managers are at an intermediary between top level management and lower level management. Low level managers focus on controlling and directing. They serve as role models for the employees and also directly supervise day to day activities.

The questionnaire delivered by e-mail and by hand to target respondents by using random sampling method. An early of the questionnaire was discussed with some PhD candidates hence based on the feedback from the respondents, several revision were applied to the wording and contents of some questions. Here, table 1 describe the number of questionnaire were distributed and the number returned for each group.

Table 1. Target groups and response rate

Target Groups	Distributed Questionnaire	Received Questionnaire	Response Rate
Top Managers	200	114	57.0%
Middle Managers	200	175	87.5%
Lower Managers	200	156	78.0%
Total	600	445	74.2%

The non-parametric technics were conducted to testify the perception difference or homogeneity among managers regarding internal CSR. Test was conducted by using Kruskal-Wallis and Mann-Whitney U applied through testing null-hypotheses. The test is conducted for identifying whether the average perception of the investigated variables used in the study is identical for all managerial levels.

The study sample consisted of 445 randomly selected top, middle and lower managers. The mean age for the sample managers was 42 years. The result shows that 189 (42.5%) respondents were female and 256 (57.5%) were male. All respondents hold university degree, the category used were diploma or lower, bachelor or master and doctoral degree or equivalent. 15 respondents (3.3%) hold doctoral degree, 331 (74.3%) hold master degree and 99 (22.4%) hold bachelor degree.

Finding and Discussion

First part of the questionnaire sought information about the multilevel managers' perception in women employees' human rights. Kurskal-Wallis test was conducted for each of the multilevel managers to find out whether there were differences between respondent groups.

The tests' results showed statistically significant differences. Dependence was observed at the 5% significance level ($\chi^2 = 8,122$, $df = 2$, $p = 0.517$). The null-hypothesis that there are significant perception differences was accepted.

The information gathered from Table II provided the results relating to the perception multilevel managers after conducting the Mann-Whitney U test. Based on the test's results author found significant different perception between top managers and middle managers ($p = 0,508$) and consistent result between top managers and low managers ($p = 0,081$). But Author found no different perception between middle managers and low managers ($p = 0,032$). It is evident as author see at the Table II that the overall pattern of responses to this first part of the questionnaire is consistent with some prior research which identified the human rights in business practice as top management surely bears the biggest commitment and responsibility rather than middle

and lower managers regarding the values of human rights particularly for woman employee (Deshpande, 1997; Barclay and Markel, 2009; Mueller et al, 2012).

Three things that are deemed to be the most important things, the existence a particular unit which able to handle complaints discrimination (4,66/5), the second most important theme was about company to guarantee the rights to association and opine(4,55/5) and the third rank is the work force for women employee (4,43/5).

Statistically, it is evident that to prioritize the gender equality is still needs some particular instruments to anticipate discrimination for women employment in Indonesia. Such as exclusive body to handle the gender discrimination and particular regulation to guarantee the basic rights for women employees. In practice on the level daily workers, reported there are still many additional enforcement of work hours (overtime). Some provincial governments are also considered contributing on limitation of woman employment, for example the enactment of late hours at night. Curfew is considered to limit several professions such as paramedics, plant workers and greengrocer (Suparno, 2008; Kinasih, 2007; Hennig et al, 2012).

Some common women discrimination in Indonesia are the enactment of the appearance attraction as a requirement in the work recruitment process, the lower rate of wages for women worker since the determining of basic wages based on the need of men, and narrower opportunities to get promotions to the higher level.

The second part of the questionnaire present information about the multilevel managers' perception in woman employment practice. Kruskal-Wallis test was applied to each of the multilevel managers to discover differences or homogeneity of respondent groups in terms of woman employment practice.

The Kruskal-Wallis tests' results showed statistically significant differences at the 5% level of significance ($\chi^2 = 9,240$, $df = 2$, $p = 0.525$). The null-hypothesis that stated there are significant perception differences of woman employment practice was accepted.

Respondents were asked whether they perceived about woman employment practice in Indonesia. As can be seen in Table III was the results of the Mann-Whitney U test, statistically describe the perception of multilevel managers. Author discover significant different perception between top managers and middle managers ($p = 0,273$) and the pattern results between top managers and low managers ($p = 0,201$). Yet author found no different perception between middle managers and low managers ($p = 0,041$).

Based on Table 3 there are three things that are most important perceived by multilevel managers concerning women employment as follow, sexual harassment (4,48/5), the second rank is flexibility of time for breastfeeding (4,27/5) and as the third rank is company expected provides counseling facilities and labour risk prevention for women employees (4,20/5). The biggest problem is still on the sexual violence against women workers. More than 70% of Indonesian women who worked abroad have

experienced sexual violence. This is because due to the imbalance of power relations between employers and workers (Strassler, 2004; Kinasih, 2007; Suparno, 2008).

Physically contact, verbally intimidation until sexual harassment in the work place sometimes were executed as pure crime. The victim should face the incident without worth helpfully assisted by the company. As the company try to avoid the bad of corporate image since the widespread news by the media. As the socially responsible organisation, the firm should provide proper law assistance for the victim and extend the other facility needed until the incident completely done.

Although Government through the Ministry of Manpower of the Republic of Indonesia has regulate by a circular letter number 03/2011 on guidelines for the prevention of sexual harassment, but the implementation has not been able to decrease the number of sexual harassment incident. Government was considered slow in handling problems of women workers especially the ones working abroad as the intensively interstate diplomacy was needed beside the law enforcement. However there is also a lack of effective law instruments which unable to fully protect the victims of sexual violence. (Burke and McKeen, 1995; Peterson, 2003; Chuang, 2006).

Some efforts to change the culture of stigmatization was trying to do by National Commission of Woman and Children together with 37 NGOs in 20 provinces which are members of the network of 16-day campaign against sexual harassment in 2014. The campaign proposed Sexual Violence: Recognize and Handle as the theme. The goal of this movement is the availability of legal guarantees for cases of sexual violence.

The second rank is the importance of the flexibility to provide spare time and spot for breastfeeding or reddened breast milk at the working hours. Some problems might occur for married working woman is differ than single woman. The working mother with baby is more sensitive and need priority protection. The government's respond on the woman employment has clearly seen by the issued of law that provide the flexibility of woman as an individual such as pregnancy furlough and late night working time.

The government has arranged through the Regulation of the Minister of Health of Indonesia number 15 of 2013 and Law no 13/2003 verse 76, 82, 83. However, the interesting fact that encountered many women employees do not require the provision of a special time and place for breast feeding to the company. They decided to give formula (Lestari, 2012). Because of the women employees' disability to overcome the constraints such as the lack of support from husband or even family, the long distance from home to work place and other physical problems.

Many women workers assume that milk is the substitution of and equal to breast milk. Whereas breast milk is the most suitable and the best meal for baby. The acknowledgement for women employees concerning breastfeeding is needed. Currently many NGOs campaign to the women workers to provide breast milk before they leave for work by pumping and store it in the refrigerator. Otherwise they also campaign to the companies to provide flexible time for pumping the breast milk at the work hours.

The third is availability of training and development for female employees which provided by board of director was still limited, not only in Indonesia but also in the UK, French, Italy and Spain. Further research is still needed to see whether the decision of limitation of training and development for women employees is based on the personal aspect such as minority factor or professionalism (Green, 1993; Heilman and Chen, 2003). Thus it is consistent with the instrumental theory and integrative theory of Garriga and Mele (2004). Since the directors have responsiveness in facing social issue and process to manage women employment within the organization.

Conclusion & Future Research

Considering the findings and discussion, it could be conclude by author that improvement of employment law enforcement is definitely needed, until the balance and harmony of rights and obligation among woman employment, firms and government occurs. The implication while woman as the victim of discrimination, sexual harassment, physically and verbally intimidated in their work hours and environment, the victim would have equal, right, and proper law protection and enforcement. As in Indonesia law enforcement is one of the government biggest weaknesses beside corruption and nepotism.

Additionally top managers' strong power gives them the discretion to apply "interpretive frames", when deciding which demands and interest to consider in the process of decision making for the employees regulation. Yet the middle and lower managers have indeed been associated with higher social orientation and might exercise the most direct impact through supervision (Grojean, 2004).

Top managers also undoubtedly are capable to decide resource allocation and determine the strategy formulation including human resources policy through which genuine relevance of corporate strategy, while middle and lower managers only serve to implement the policy that has been determined.

The perception managers on internal CSR have fulfilled and meet the objectives that generate long term employee productivity and using the business power in a responsible way and integrate the corporate practice with social demands. This study is consistent with Garriga and Mele (2004) and Andre (2013) concerning instrumental theory and ethical theory.

Patterns of multilevel perception that occurs between human and labour's rights of women are exactly the same. Author suggests as the future research to investigate whether universal human rights and human resources management practice as a two dimensional of internal CSR has significant relationship to the contribution for ethical corporate sustainability. It seems more challenging, however, is to develop a new theory. This research also provides useful reference for future researchers on this topic.

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Does Better Corporate Governance Rating Lead to Higher Market Value?: an Empirical Investigation of BIST XKURY Listed Companies, Veysel Kula & Ender Baykut

1. Professor of Accounting and Finance, Department of International Trade and Finance, Afyon Kocatepe University, Afyonkarahisar, Turkey.
2. Lecturer in Accounting and Finance, Department of Management in English, Afyon Kocatepe University, Afyonkarahisar, Turkey.

* E-mail of the corresponding author: kula@aku.edu.tr

Abstract

This paper tries to establish a link between effectiveness of corporate governance practices and market performance of forty three firms listed, as of the end of 2014, in Borsa Istanbul Corporate Governance Index (BIST XKURY). Drawn on the data set obtained from the annual reports and financial statements of the firms for the period of 2007-2014. panel data analysis revealed that higher corporate governance ratings result in increased market values. The results of the study indicate that together with corporate governance ratings, return on equity and earning per share have positive relationships with market value, too. There is, however, significant negative relationship between free float rate and market value.

Keywords: Borsa Istanbul, Corporate Governance Index, Panel Data Analysis, Market Value, Free Float.

Introduction

Investment decisions by investors are not solely based on financial performances of companies. Following the financial scandals of 2000s, corporate governance applications have increasingly gained prominence as an input considered in investment decisions. At the core level, corporate governance practices aim at protecting the interests of shareholders, while those practices benefit, in the broader context, all stakeholders such as employees, customers and suppliers.

Definition of corporate governance is provided in Cadbury Report (1993:124) as "...the system by which companies are directed and controlled". Shleifer and Vishby (1997:737) defined corporate governance as a set of ways "in which suppliers of finance to corporations assure themselves of getting a return on their investment". In Millstein Report (1998:27), the scope of corporate governance extended mere shareholders by involving all of stakeholders of companies. According to this definition, corporate governance is a management attitude that implemented not only for classical structures which aim to seek profit and distribute it while also considering stakeholders' benefits.

There have been several attempts to structurally create principles for use as yardstick in corporate governance performance evaluation. Of these attempts, the first set of general rules was formed by OECD in 1999 under the name of OECD Corporate Principles. In Turkey, the Banks Association of Turkey prepared in the same year a report, titled "Corporate Governance in Banks" whose emphasis was to indicate the importance of OECD principles for banks.

In 2002, 'Corporate Governance Working Group' within the body of TUSIAD issued a report named 'Corporate Governance: Code of Best Practice'. The Members of the working group laid the foundations of Association for Corporation Governance of Turkey (TKYD) with the

aim of bringing together relevant environments and developing corporation governance countrywide (TKYD and Deloit, 2007:1)..

Based on OECD Corporate Governance Principles, Capital Market Board of Turkey published in 2003 “SPK Corporate Governance Principles” which were updated in 2005 and 2010 by considering international developments. From 2005 on, corporate governance compliance declarations have become a compulsory part of annual reports of listed companies (TKYD, 2011:21-22).

Another important step in Turkey with respect to corporate governance related activities is the establishment, in 2004, of Borsa Istanbul Corporate Governance Index (BIST (XKURY) for the purposes of promoting stock market companies applying corporate governance principles. BIST XKURY values were started to be calculated in 2007. The purpose of BIST XKURY is to calculate price and yield performances of BIST listed companies with the minimum 7/10 compliance grade of corporate governance principles (BIST, 2013). Initially, there were five companies in the index. Over time, the number of companies has increased, reaching 43 as of the end of 2014. This study, aims at exploring the relationship between corporate governance rating and market value of those 43 companies listed in the index as of the end of 2014.

There seems to be only limited number of studies using econometric techniques to inquire the relationship between corporate governance and companies’ financial performance within the context of BIST XKURY. This paper, thereby, addresses the gap in the literature by using panel data analysis drawing a voluminous data set covering the early ratings reported within the BIST XKURY..

The remainder of the paper is organized as follows. Section two provides a literature review. Section three describes the data and the methodology. Section four reports the empirical results. The study is concluded by section five.

Literature Review

The relationship between corporate governance index and financial performance of companies has been the subject of several studies. Brown and Caylor (2004), for example, analyzed a sample of US companies based on dataset of Institutional Shareholder Service (ISS) including 51 different factors. The results illustrate that better governed firms were relatively more profitable, more valuable and paid more cash to their shareholders.

Drobetz et al. (2004) uncovered a positive correlation between governance applications and firm valuation for German public firms. The same result also goes for emerging markets in a study by Klapper and Love (2004). In their study, better corporate governance practices were highly correlated with better operating performance and market capitalization. These results were also affirmed by an analysis of Black et al. (2006). According to the results of their study, corporate governance practices were found to be important factors in explaining market value of companies in Russia.

Adjaoud et al (2007) also examined the relationship between firm performance and the governance scores. According to their findings, the relationship between the scores and accounting-based measures of performance was not significant (ROA, ROE, EPS) while the relationship between the scores and measures of market value was significant.

Examining the effects of legal protection of minority shareholders and of cash flow ownership by controlling shareholder on the valuation of firms, La Porta et. al (2002) found out that better minority shareholder protection and higher cash flow ownership by the controlling shareholder result in higher firm valuations. Al-Haddad et. al (2011) discovered positive relationship between profitability measured either by earnings per share (EPS) or return on assets (ROA) and corporate governance. Brown and Caylor (2006) posited that better

governed U.S. firms were associated with higher return on equity (ROE), higher return on assets (ROA) and high market value. Khatab et. al (2011) found out positive correlation between corporate governance practices and ROA, ROE for Karachi Stock Exchange listed firms.

When it comes to Turkey, there are studies on BIST listed companies exploring the links between corporate governance practices and several variables. Extant studies, for instance, inquire the relationships of corporate governance with book financial performance (Karamustafa et al., 2009; Gürbüz and Ergincan, 2004; Dalgac and Celik, 2011, Sakarya 2011), market liquidity (Gokcen et al., 2012; Yenice and Dolen, 2013; Karayel and Gok, 2009) and corporate restructuring (Sengur and Puskul, 2011; Dagli et al., 2010).

Comparing companies listed in XKURY with those not listed, Büyüksalvarcı and Abdioglu (2010) found no statistical differences in stock returns and financial ratios between those two groups. In their analysis of 31 Turkish firms, Coskun and Sayılır (2012) revealed that corporate governance practices are not found to have statistically significant relationship with firm valuation.

Data and Methodology

This study essentially aimed at exploring the effect of corporate governance ratings on market value of firms. According to Dunis and Reilly (2004:231), market value of firm serve as an indicator of investors' opinion with regard to firms' past performance and future prospects. As the review of the literature reveals, the existence of positive significant relationship between market value and corporate governance rating is established by several studies such as (Brown and Caylor, 2004; Drobetz et al., 2004; Klapper and Love, 2004; Black et al., 2006; Adjaoud et al., 2007; Al-Haddat et al., 2011; Khatab et al., 2011). We, therefore, expect to find positive relationship between market value and corporate governance rating.

In addition to corporate governance practices, several other factors can be cited to have an influence on the market value of companies. In this study, return on assets, return on equity, free float, earnings per share, and sectoral breakdown are included as other independent variables. These variables have also been used in other studies. For example, the free float rate was used in the studies of La Porta et al. (2002), Bostanci and Kilic (2010), and Wang and Xu (2013). The return on equity and return on assets variables were used in the studies by Brown and Caylor (2006), Büyüksalvarcı and Abdioglu (2010) and Khatab et al. (2011). The variable of earning per share was used by Vintila and Gherghina (2012), Karayel and Gok (2009), Sengur and Puskul (2011), and Acar et al. (2013).

Studies which analyzed the effect of return on assets on market value (Karamustafa, 2009; Sengur and Puskul, 2011; Brown and Caylor, 2006; Büyüksalvarcı and Abdioglu, 2010; and Khatab et al. 2011) have revealed a direct significant affect. However, studies that analyze the effect of free float rate on market value (La Porta et al., 2002; Bostanci and Kilic, 2010; Wang and Xu, 2013) did not find any statistically significant relationship. In studies analyzing the relationship between earning per share and market value (Vintila and Gherghina, 2012; Karayel and Gok, 2009; Sengur and Puskul, 2011; Acar et al., 2013), a positive significant relationship has usually been found. In order to explore whether financial sector companies exhibit any significant differences from non-financial sector companies in terms of market values, a dummy variable ("0" representing non-financial sectors and "1" representing financial sector) is used in the study. The description of the variables used in the study is presented in Table.1.

Table 1: Description of Variables

<i>Variable Name</i>	<i>Description of the variable</i>
Market Value	Market value is the price at which a security is trading and could presumably be purchased or sold. Calculated by multiplying the number of shares outstanding by the current market price of firm's shares. (Brealey et al. 2001: 115; Financial Dictionary, 2014).
Corporate Governance Rating	The corporate governance ratings of the companies listed in BIST XKURY.
Free Float	The free float is generally defined as the number of outstanding shares minus shares that are restricted from trading. The free float ratio is the proportion of free floating shares to outstanding shares. Shares that are restricted from trading include the ones such as held by a parent company for control of a subsidiary, shares held by the government and cross-shareholding among companies (Ideo, 2001:11).
Return on Asset	ROA ratio which shows the amount of earnings have generated from an invested capital assets and how profitable a company is relative to its total assets (Epps and Cereola, 2008). It is calculated by dividing a company's annual earnings by its total assets.
Return on Equity	Return on Equity measures the rate of return on the ownership interest of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity (also known as net assets or assets minus liabilities). ROE is equal to a fiscal year's net income (after preferred stock dividends but before common stock dividends) divided by total equity (excluding preferred shares), expressed as a percentage (Vintilă and Gherghina, 2012:180).
Sector Breakdown	In order to reveal differences within sectors, the sample is divided into two sub-groups as non-financial sector and financial sector, the value of "0" representing non-financial sector while value of "1" representing financial sector.
Earning per Share	The earnings per share (EPS) measures the amount of a company's net income that is theoretically available for payment to the holders of its common stock (AccountingTools, 2015).

The companies covered in the study consist of 43 companies listed in BIST XKURY as of the end of 2014. When the index got functional firstly in 2007, the companies that initially listed were Vestel Electronic, Hurriyet, Doğan Media Holding, Tupras, Turk Traktor and Tofas. The list of 43 companies listed in the index as of the end of 2014 is provided in Table.2.

Tablo 2: The List of Companies Covered in the Study

ALBARAKA	VESTEL ELEKTRONİK	EGELİ & CO, YATIRIM HOLDİNG
BANK ASYA	İŞ LEASING	PARK ELEKTRİK
TSKB	ANADOLU EFES	ARÇELİK
YAPI KREDİ	HÜRRİYET	İHLAS EV ALETLERİ
ŞEKERBANK	DOĞUŞ OTOMOTİV	PRYSMAIN
HALKBANK	TAV AIRPORT	GARANTİ FAKTORING
İŞ YATIRIM	DOĞAN YAYIN HOLDİNG	İŞ GYO
GLOBAL YATIRIM HOLDİNG	PINAR SÜT	Y&Y YATIRIM ORTAKLIĞI
ENKA	PETKİM	PINAR ET VE UN
LOGO	TÜRK TELEKOM	İHLAS HOLDİNG
VESTEL ELEKTRONİK	VAKIF MENKUL	ASELSAN
TUPRAŞ	BOYNER	TURKAS
DOĞAN	TOFAŞ	COCA COLA
YAZICILAR	AYGAZ	OTOKAR
TÜRK TRAKTÖR		

As for analysis, the study used Panel Data Model. The panel data set covered an 8-year period, from 2007 to 2014, data of forty three firms listed in Borsa Istanbul Corporate Governance Index (BIST XKURY). The data were drawn from the annual reports and financial statements of these firms.

In fact, types of data that are generally available for empirical analysis are divided into three sub-groups, namely, **time series, cross section, and panel**. In time series data, the values of one or more variables are observed over a period of time. In cross-section data, values of one or more variables are collected for several sample units, or entities, at the same point in time. In panel data the same cross-sectional unit is surveyed over time. In short, panel data have space as well as time dimensions (Gujarati, 2004:636).

The equation of the panel data can be represented as follows:

$$Y_{it} = \beta_{1i} + \beta_{2i} X_{2it} + \beta_{3i} X_{3it} + \dots + \beta_{ni} X_{nit} + u_{it}$$

$i = 1, 2, 3, \dots, n$

$t = \text{period}$

where i stands for the i th cross-sectional unit and t for the t th time period. As a matter of convention, i is used to denote the cross-section identifier and t the time identifier. It is assumed that there are a maximum of N cross-sectional units or observations and a maximum of T time periods. If each cross-sectional unit has the same number of time series observations, then such a panel (data) is called a **balanced panel**. If the number of observations differs among panel members, such a panel is named an **unbalanced panel** (Gujarati, 2004:640). In the present study, the panel data set is an unbalanced one, as each company in the sample has different number of observations as they got listed in the index in different years.

Analysis and Findings

In order to determine whether there is a multiple correlation between the five independent variables used in the study, we performed a correlation analysis. As shown in Table 3, no high correlation was observed among the independent variables.

Table 3: Correlation Among Independent Variables

	ROA	CGR	FF	EPS	ROE	SB
ROA	1,00					
CGR	0,04	1,00				
FF	-0,18	-0,27	1,00			
EPS	0,53	0,15	-0,039	1,00		
ROE	0,79	0,04	-0,16	0,50	1,00	
SB	-0,21	0,08	0,17	-0,23	-0,016	1,00

ROA: Return on Asset (%), CGR: Corporate Governance Rating, FF: Free Float (%), EPS: Earning per Share (TL), ROE: Return on Equity (%), SB: Sectoral Breakdown

The descriptive statistics is reported in Table 4.

Table 4: Descriptive Statistics

	Mean	Median	Max.	Min.	Std. Dev
Market Value (log)	9,04	9,12	10,59	6,98	0,78
Corporate Governance Ratings	8,63	8,68	9,44	7,12	0,47
Return on Asset (%)	3,96	3,04	32,97	-25,46	7,04
Free Float (%)	34,16	31,33	86,37	3,42	15,60
Earning Per Share (TL)	0,73	0,29	7,44	-2,33	1,32
Return on Equity (%)	9,95	12,57	46,58	-186,47	20,53
Sectoral Breakdown	0,31	0	1	0	

As can be seen in Table 4, the market value of the companies included in the analysis is between 6,98 and 10,58 in terms of logarithmic value. While the average corporate governance rating is 8,63, average return on assets is 3,96%. Average free float rate of companies is 34,16% and average of per share earnings is 0,73 TL. Return on equity average is 9,95%. Thirty-one percent of companies in the sample operate in financial sector.

There are two alternatives in the panel data analysis: fixed-effects panel data analysis and random-effects panel data analysis. In fixed-effects panel data analysis, for each independent variable, a different constant term is calculated via dummy variables. This type of panel data is called one-way fixed-effects panel data. If a constant term is calculated, not only for independent variables but also for each of the time periods, this is an example of the use of two-way fixed-effects panel data. If it is assumed that the constant term pertaining to cross-section variables has been randomly determined from the universe, this method is known as random-effects panel data analysis. In regard to choosing either fixed-effects or random-effects models in panel data analysis, Brooks (2008) puts forward that “if units in the sample contain all the universe units it will be more appropriate to use fixed-effects panel data analysis”. Since this study contains all of the 43 companies trading under BIST XKURY as of the end of 2014, the fixed-effects panel data analysis is used.

The equation of the panel data analysis used in this study can be expressed as follows:

$$\begin{aligned}
 \text{Market Value Log}_{.it} = & \beta_{1i} + \beta_{2i} \text{Corporate Governance Rating}_{2it} + \\
 & \beta_{3i} \text{Free Float}_{3it} + \beta_{4i} \text{Earning per Share}_{4it} + \beta_{5i} \text{Return on Asset} + \\
 & \beta_{6i} \text{Return on Equity}_{6it} + \beta_{7i} \text{Sectoral Breakdown}_{7it} + u_{it}
 \end{aligned}$$

$i = 1,2,3,\dots,43$ (number of companies)
 $t = 2007, 2008, 2009\dots 2014$ (period)

The one-way fixed-effects panel data regression analysis was performed by E-views 8 software. Table 5 presents the regression results.

Table 5: Results of Panel Data Analyze

Dependent Variable: Log. Market Value				
Method: Least Squares				
Sample (adjusted): 2 232				
Included observations: 231 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.304183	0.901480	6.993147	0.0000
Return on Asset	-0.016397	0.011109	-1.476007	0.1413
Corporate Governance Rating	0.353752	0.100631	3.515346	0.0005
Free Float	-0.009514	0.003110	-3.058828	0.0025
Earning per Share	0.122904	0.042294	2.905936	0.0040
Sectoral Breakdown	-0.373242	0.106669	-3.499075	0.0006
Return on Equity	0.010622	0.003776	2.812961	0.0053
R-squared	0.295102	Mean dependent var		9.049993
Adjusted R-squared	0.276221	S.D. dependent var		0.789550
S.E. of regression	0.671711	Akaike info criterion		2.071858
Sum squared resid	101.0679	Schwarz criterion		2.176174
Log likelihood	-232.2996	Hannan-Quinn criter.		2.113932
F-statistic	15.62944	Durbin-Watson stat		0.537304
Prob(F-statistic)	0.000000			

According to the results in Table 5, there is statistically significant positive relationship between corporate governance rating score and market value (t value 0,35; $p < 0,00$). Other variables in a statistically significant positive relationships with the market value are return on equity (t value 0,01; $p < 0,00$) and earnings per share (t value 0,12; $p < 0,00$). There is a significant negative relationship between market value and free float rate (t value -0,009; $p < 0,00$). Likewise, statistically significant negative relationship was found between sectoral breakdown and market value (t value -0,37; $p < 0,00$).

Results and Conclusion

Corporate governance practices in Turkey have increased in prominence since the Capital Market Board Corporate Governance Principles became effective in 2003. Another important step in this regard is the formation of corporate governance index in 2007. In this index, there were, as of the end of 2014, 43 companies exceeding required minimum corporate governance rating score.

Employing one-way fixed-effects panel data analysis, this study primarily attempted to investigate the link between corporate governance ratings and market values of the companies listed in BIST XKURY.

The analysis results indicate the existence of statistically significant positive relationship between market value and corporate governance ratings. In other words, we determined that firms with a high corporate governance rating score also have high market values. This finding is in conformity with those of Brown and Caylor, 2004; Drobetz et al., 2004; Klapper

and Love, 2004; Black et al., 2006; Adjaoud et al., 2007; Al-Haddat et al., 2011; and Khatab et al., 2011. The rating score, which is a measure of how effective and efficient a firm's management is, supports the suggestion that well-governed companies have higher market values.

Other variables that have a significant positive effect on market value are return on equity and earnings per share. The fact the ratings of companies in the index are revised each year forces companies, in a sense, to adopt effective and efficient management. Because of the pressures of being audited and rated, managers might reasonably assumed to look for better ways to manage their companies, eventually increasing profitability. This finding has been echoed in the studies of Vintila and Gherghina (2012), Karayel and Gok (2009), Sengur and Puskul (2011) and Acar et al. (2013).

The findings of the study showed that there is a statistically significant negative relationship between free float rate and market value. This might be the result of complicated nature of managerial decision-making resultant of increasing free float rate.

There is statistically significant relationship between sectoral breakdown and market value. That is, the market values of the companies in the financial sector are higher compared to the market values of non-financial sector companies.

The results of the study provide rational support for the energy to be devoted to enhancing corporate governance practices by companies. The reward for the care for corporate governance practices is reflected as higher market values. The focus of the study is BIST XKURY companies, representing companies, naturally ranking first regarding corporate governance performance. Studies in future might include, as a sampling frame, the companies not listed in BIST XKURY, too.

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Video Surveillance in the Iranian Law; Crime Prevention or Abuse of Civil Rights, Hesam Abbasi, Seyed Adel Heidari

1- Young Researchers and Elite Club, Sirjan Branch, Islamic Azad University, Sirjan, I.R.Iran.

Hesam1986@gmail.com,

2- PhD student in Law, Islamic Azad University, Qeshm Branch, I.R.Iran

Lawyerheidari@yahoo.com

The use of special preventive methods with recourse to illegal initiatives by the police or other vigilantes on the pretext and in the name of providing security for people and properties jeopardizes personal liberties. This is while using closed circuit television (CCTV) cameras is not illegal in public places and for providing security; but the utilization of cameras in private sanctuaries of individuals is blatant violation of the personal sanctuaries and rights of individuals. Based on the rational option theory which is the foundation of this method, individuals' incentive to commit crimes is impoverished upon noticing CCTVs due to fear of apprehension. Due to the intricacies of the issue, however, there is not a self-contained and comprehensive law currently in the Iranian law, considering how and why CCTVs are utilized; this underlines the need for further investigation to criminalize the cases of abuse and illegitimate intrusion into personal sanctuaries and penetration into civil rights of individuals through the installation of CCTV cameras. In this paper we will investigate the stance of such procedures in the Iranian judicial circle.

Keywords: video surveillance, security, prevention, privacy, Iranian penal law

Introduction

Today the installation of CCTV cameras is but one of the methods of controlling individuals and is effectual in preventing crimes. More frequently than not we encounter signs in public places which remind people of and warn them about the existence of CCTV cameras. In all streets, schools, and even sometimes in private offices these controlling apparatus is used, and in fact this effective apparatus is used throughout the world in manifold qualities and quantities. Now it is impossible to cross a street in which private or governmental CCTV cameras do not observe you. Traffic-controlling cameras, police cameras and cameras which control the traffic plan, banks' cameras, CCTV cameras of companies and stores are wide-awake eyes that always monitor citizens' actions and behavior. As long as these cameras monitor citizens' actions and behavior in public places, no redline is ignored, but it is a crime when CCTV cameras violate individuals' privacy and would be prosecuted. This, on the other

hand, has preventive effects on criminal deeds; this is because those criminals who know their actions are recorded 24 hours a day, even if they are able to commit crimes, due to recording their pictures and the possibility to recognize their faces, would not set out to commit a crime comfortably. In other words, the expenses of committing crimes increase for them. For example when motorists are driving their vehicles on their way and their performance is recorded and controlled by CCTV cameras fear of being fined by the police evokes cautionary behavior on their part to be more patient and have more fortitude while driving, and observe the traffic rules and regulations more seriously. But the issue of CCTV cameras which are recording events all the time contradicts civil rights, and in this paper we seek to investigate it. One of the flagrant cases of violating human rights is the use of CCTV cameras in individuals' inner sanctums to control and observe particular people. Today, many cameras are found in majority of places which have been installed in public places to ensure security. But this very same action may damage individuals' privacy and violate it. Cameras have been installed with a purpose in mind and they are allowed to serve that purpose only, and if their pictures are supposed to be used for different other purposes, it warrants the acquisition of the necessary permits and legal actions must be taken; when permits are issued and the importance of using pictures to provide security for people is established, using them would not be against the law.

People's privacy, its position and importance in Islam

The word 'privacy' means to become recluse, get alone, a place empty of intruders, loneliness and inner sanctum in Persian dictionaries [12]. The word 'solitude in Farsi in the equivalence of 'privacy' in English and is used in two senses:

A. The status of being alone or without intrusion

B. Final Stage Freedom from interference or observation and public noticing [11].

The word 'privacy' in the Oxford Dictionary of Law [12]. Means to be free on one's own and without intrusion.

The right of privacy or, in other words, the right of having a private life as a basic need in civil rights of citizens has a profound affinity with dignity, grace, personality, individual independence, and the development of personal relations, the development of intimacy, stable psychological security, control over emotions and thoughts and other important humane values. The acceptance and recognition of privacy as a right has their root on history. This right is mentioned in divine scriptures such as *Koran*, *Bible*, and Jewish Laws, and the right of

privacy also exists in the Hippocrates's Oath. Islam recognizes a special dignity and position for human beings. Islam has recognized privacy officially and a number of verses in Koran speak of this issue. Verses 27 and 28 of 'Noor' (one of the chapters into which Koran is divided) read as: "OH, you believers, never enter into others' homes but yours, except when you come to feel at home with and salute them. This is better for you to be reminded. If there is no one home, do not enter it unless you are permitted to enter, and if you are told to return, do as you are told, because this is better for you, and Allah is cognizant of your deeds." Also, verse 12 of 'Hojarat' reads as: "Oh, you believers, eschew from suspicion and distrust of each other, since some suspicions are sins, and avoid scrutiny and curiosity about one another." Prophet Muhammad also reiterated that: "If you seek to scrutinize and investigate others' secrets, you have corrupted or have *almost* corrupted them." With this in mind, and due to the fact that our country is based on the principles of Islam, privacy has a remarkable value.

The status of privacy in the compiled Iranian and International Law

According to law, the privacy of all people in Iran is immune and under protection, and nobody is allowed to trespass it, except for privacy clash for others' rights, or privacy clash for public interest. Principle #22 in the Iranian constitution states that people's face, life, rights, accommodation, and job is protected against aggression, except in case law demands this. Principle 25 of the Iranian constitution also forbids any kind of investigation and scrutiny. On the other hand, however, the importance of crime prevention and preventive actions against crime commission has been emphasized by all civil and legal laws of the country, legislature and law enforcers, and even the judicature. Now we must determine that which category includes installing cameras, the violation of individuals' privacy and civil rights or the factor of crime prevention.

During the twentieth century, newer forms of violation such as recording and bugging private telephone conversations, placing hidden microphones or cassette recorders in private places, photo and shooting cameras, the ability of computers to collect, store and access data and... were enough reasons to recognize privacy and inner sanctum as a basic and important right. This was strictly followed internationally, and in principle #12 of the Human Rights Declaration in 1313 and in principle #11 of the Universal Treaty of Civil and Political Rights in 1311 it was officially recognized. It was also discussed in numerous conventions such as the International Convention of Lawyers in Vienna in 1311, the Convention of Lawyers in Stockholm in 1311, the International Convention of Lawyers in London 1313. [2]

Privacy is considered as one of the fundamental rights of citizens and cannot be violated easily. Thus, the red line for using CCTV cameras is individuals' privacy. As long as these cameras have not trespassed upon this privacy, they have not committed a crime. Using CCTV cameras for legitimate legal purposes and for providing security will not bring about any problems. In the state of Islamic Republic of Iran individuals' privacy is protected and rendered immune, and no one has the right to violate it with the exceptions of privacy clash for others' rights or privacy clash for public interest. In principle #22 in the Iranian constitution it has been pointed out that people's face, life, rights, accommodation, and job are protected against violation unless law prescribes this. Principle #25 also forbids any kind of investigation and scrutiny. On the other hand, however, the importance of crime prevention and preventive actions against crime commission has been emphasized by all civil and legal laws of the country, legislature and law enforcers, and even the judicature. Now we must determine that which category includes installing cameras, the violation of individuals' privacy and civil rights or the factor of crime prevention.

Samuel D Warren and Louis D Brandeis consider privacy as a principle that protects people's written works and intellectual properties, emotions and thoughts, and endows them with a right to have an unperturbed frame so that their statements, utterances and deeds are protected against violation and under the aegis of law in this frame. [17]

The role of CCTV cameras in preventing crimes

Preventing crime has always been man's vision. Although in the past traditional reaction to criminal acts circulated around the pivot of retribution only, and investigating the relationship between the crime and its cause discussions have been posed to either eliminate this cause or to prevent the crime. Since times of yore crime prevention, namely in divine religions, has been one of the best ways to reduce crime rate in communities. In religious instructions there exists a kind of prohibition to punish criminals who do not enjoy acceptable age, physical, mental, and even economic normal conditions. Thus, crime prevention is the acceptable method in communities and divine religions. Path selection enjoys a high level of importance though. Different communities have made use of different ways to prevent crime based on their facilities. Divine religions are also cognizant of its importance and have issued decrees in this realm.

The best way to prevent crime is to fight abnormalities and criminal behaviors. Alongside the above-mentioned method, another method to prevent crime is also adopted which is called

'status quo prevention. 'Status quo prevention is a method which interrupts the condition and situation of the purpose of the crime and frustrates the equity and cause of its genesis; the issue of installing cameras in streets is involved in this frame. Analyzing the conditions which lead to a certain type of crime, status quo prevention approaches suggest alterations to the settings, hence diminishing the opportunity of crime commission. Therefore, this approach, unlike current criminology, focuses attention on the settings in which crime is committed instead of the criminals themselves. In this approach, detection or retribution of criminals is not posed and, instead, the main problem is to prevent crime commission. This approach is also recently adopted in modern and electronic forms such as 'X-ray' in airports and many other border gates, as well as in organizations and other secured regions.

In the status quo prevention method the commission of a certain crime is the tally of three conditions:

- A. The existence of the committer
- B. The existence of the target or victimized entry [12]
- C. Lack of defense of the target or victimized entity or lack of protection.

That is why in the policy of prevention victimization is reduced through the discovery of the prone targets of the crime and then hardening them. [10] Buttressing or hardening the target of the crime is but one of the ways of preventing crime that according to some can be a suitable word for that part of the mechanical prevention which has to do with the hardware of security. Because strengthening the protection of the target of the crime warrants building physical impediments between the criminal and the target of the crime. [11] Hardening is purported to increase physical security so that offenders will have more difficulty committing their crime. This method is based on the premise that through the reduction of vulnerability of the target of the crime, the crime can be prevented. This will increase the endeavors on the part of the criminal to commit their crime. [6]

One of the reasons and purposes of installing CCTV cameras in places under supervision and monitoring is to transmit this message to the criminals that once they are observed trying to put their thoughts into practice, they will be controlled and apprehended. Thus, with inculcating this sense and transmitting this message, the offender will have second thoughts lest they should be apprehended or embarrassed due to their wrongdoing. Monitoring and control is, in fact, one of the elements of classical social control and involves the rules of warranty and reinforcement. Therefore, an official or an institution legislates on a rule and

through monitoring wants to make sure that it is obeyed, and punishes its violators. These three elements are complimentary to each other. Without law and rule monitoring will go without foundation and the enforcement warranty will be unfair. Without monitoring crimes will not be detected, and without enforcement warranty no one will take observing the rules seriously. Occasionally it might be rendered true that monitoring will be effective on criminals to abandon their criminal thoughts without enforcement warranty temporarily, but watchdogs who find monitoring without any reaction sufficient, induce the idea that the rule is not indispensable gradually through time. [3]

The settings in which the possibility of crime is high must be under strict and precise monitoring. Thus, offenders will sense a high risk of apprehension and might abandon the idea of wrongdoing. A brief glance on the theory of rational option we will realize that humans often act based on more money and more facilities in search of profits, i.e. before doing anything they consider the profits and losses of any action. This way of thinking is so called 'rational thinking. Therefore, in settings in which one might commit an offence by considering the right conditions, individuals' proclivity toward committing an offence will decrease upon noticing CCTV cameras and due to fear of apprehension.

Social actors such as the police force, security guards, caretakers, and salesclerks in boutiques that have the responsibility of monitoring are numerous and many. These are supported by electronic apparatus such as cameras, alarms, and other exposers.[2] Although at first installing CCTV cameras and their warnings might reduce crime rate, but over time criminals learn about the reaction of the police and their speed to take initiatives and thus can adjust themselves to the new settings. The level of success of this method depends on the effective reaction on the part of the police and the performance of the judiciary. Research in Australia indicates that an increase in apprehensions has been effective in short term, but in long term it loses effect without preventive policies. [4] Therefore, reducing crime opportunities can generally be an effective factor to reduce crime rate. Many think that for this preventive characteristic of CCTV cameras to be effective in this method, there needs to be two conditions:

- A. The would-be wrongdoer must be cognizant of the camera.
- B. The offender must really believe that the existence of the camera is a real menace of apprehension [7]

Ever since a decade ago in Iran CCTV cameras have been utilized to monitor some places and of course banks. Using this equipment brings about the risk of abuse of people on the part of

organizations, which is a violation of people's privacy. But observing the law and for the security of community the advantages of using this method and installing CCTV cameras outweigh its disadvantages.

Views on the contradiction between privacy violation and security

The use of cameras for public safety and crime prevention is allowed on the condition that it does not penetrate into individuals' privacy and violate it. Generally speaking, the profits of this event outweigh its losses and all the countries throughout the world have come to this conclusion. The use of CCTV cameras for legal and legitimate purposes to protect the public space does not have legal problems, but using the camera in individuals' privacy is a blatant violation of their rights and their privacy as well.

Conflict between the right to security and privacy has made theoreticians disagree on the use of cameras in cities. One camp considers privacy as a basic human right that must not be excluded on any pretext. These people do not consider security as a justifiable pretext to monitor citizens, especially with the advancements made to the scientific policing knowledge and methods, other methods can replace CCTV cameras. On the other hand, some others give precedence to security, law and order and think that when citizens know if whatever happens to them is recorded, will live a comfortable life since they know if there is a trouble, the memory of the cameras are accessible to be used as reliable documents.

Both the right to security and the right of privacy are respected rights. Thus, as long as the sum of these two is workable, there is no reason to prefer one over the other. Insisting on this, many experts have been trying a way to the sum of these two rights.

Shooting pictures by cameras by the owners of stores and markets is a legal right to prevent crime, but the privacy of individuals is also recorded without them knowing the owners of these places and what kinds of uses or abuses will be made of their pictures. If there are CCTV cameras in place, this must be publicized to people, and the basic premise is that people must be informed about the existence of CCTV cameras so that they can defend their rights in case there is a trouble or a crime is committed. If people know about the existence of CCTV cameras, they will learn about their rights and duties, and if they do not want, they can intend not to be at that location. Store owners have the right to install CCTV cameras in their stores to prevent crime, and they are not obliged to inform their customers about these cameras. But according to the stated matters there are two views on this issue: if a sign is posted about the existence of the camera, thieves and muggers might not enter the place; on

the other hand, the thief tries to disable the camera and only then tries to attempt their burglary. The fact that the owners of places do not notify that there is a camera at that place is banned, but the law is not explicit on this issue and this is only a precautionary measure. In other word, using the methods of reducing the vulnerability of the would-be target, making access to apparatus and instruments difficult, reducing the profits and advantages of crime commission, hardening the target and observing it, environmental management and educating would-be victimized entities can help reducing crime commission.[8] Because if committing crime is the plausible deduction on the part of offenders, making crime commission hard for them can bring it under control.

Conclusion

In compliance with the law and for the safety of community, the use of CCTV cameras has more benefits than its disadvantages. About using CCTV cameras the principle goes that people must be notified about their existence and shooting so that people are able to defend their rights in case there might occur a problem or a crime. Owners generally notify people of the existence of CCTV cameras and shooting cameras in stores and places by posting a sign; if so, people learn about their rights and duties in case these cameras exist in a place, and if they do not like, they can intend not to be there.

Privacy is but one of the main and basic civil rights that cannot be violated easily. Therefore, the red line for using CCTV cameras is individuals' privacy. As long as cameras have not entered this privacy, they have not done anything wrong. Using CCTV cameras for legitimate and legal purposes and for keeping security will not cause any problems. Individuals' privacy is rendered immune in Islamic Republic of Iran and no one is allowed to trespass upon it, except for privacy clash for others' rights or privacy clash for public interest. But given the complexity of the current issue, there is a lack of a comprehensive and independent rule in the Iranian legal atmosphere, and it requires further investigation to criminalize the cases of illegal penetration into individuals' privacy and invasion of the civil rights of citizens, and also determining standards and legal regularities in the field of installing and using CCTV cameras.

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Corporate Social Responsibilities of MNCs in a Developing Country: What Happens When There is a Local Partner in the Form of a Joint Venture? Idil Ander Dede, Volkan Yıldız, Burcin Hatipoglu

*Boğaziçi University, Dpt. of Tourism Administration, Hisar Kampüs, Bebek, 34342 Istanbul, Turkey. Telephone: 90 212 359 6981; Fax: 90 212 265 2119; E-Mail: burcin.hatipoglu@boun.edu.tr

Abstract

Large multinational companies' (MNCs) roles have extended from economic to socioeconomic and environmental responsibilities in the developing or lesser developed nations they operate in. Foreign direct investments (FDI) to developing nations have been increasing in the last decades and more than before the activities of the MNCs are closely followed by the governments, media, NGOs and other pressure groups. Previous studies have questioned the corporate social responsibility strategies of MNCs when they have subsidiaries in developing nations. MNCs that are challenged by multiple national contexts and pressured by both international and local stakeholder groups may shape their CSR strategies in several manners. They may choose a global model in which they display low responsiveness to local context but high integration to their global standards, they may use a multinational model, in which they have high responsiveness to local context but no integration to global standards and lastly they may display high responsiveness to local context and as well as the global standards. The decision to enter a joint venture with a local partner is a key competitive strategy decision for a MNC and managing joint ventures is found to be one of most difficult forms of international business. The newly established and independent joint venture has two parent companies which creates multiple internal problems. This paradox also exists for the management of CSR activities. Recently there appears an interest in examining the CSR policies of MNCs in developing studies, but there is no study that examines the divergence or convergence of CSR policies in the form of a foreign MNC and a local partner relationship. Using the lens of the stakeholder theory this study examines the CSR practices of five joint ventures in Turkey that are formed by large MNCs and local partners. The sample joint ventures are all publicly listed in the Borsa Istanbul Stock Exchange (BIST) and have a standalone CSR report. The first part of the qualitative study uses content analysis to examine the CSR reports of the joint ventures and the MNCs. It displays the differences in stakeholder prioritization, types of engagement with stakeholder groups and their joint projects. The second part includes the indebt interviews conducted with company officials of joint ventures, which reveals the motives of the management for their CSR strategies. The researchers used qualitative software NVivo (version 9.0) to manage, analyse and write the data. Using a collective case study approach the findings identify common characteristics of the CSR policies of the joint ventures in a developing nation.

Keywords: *corporate social responsibility, MNC, joint venture, CSR reporting, Turkey*

Neoliberalism: the fostering of individual freedoms? Implications for social responsibility and governance, Miriam Green

Icon College of Technology and Management, London, UK

miriamgreen@gmail.com

Work in progress

Introduction

... there has, perhaps, been no time in modern history when so large a number of human beings ... have had their notions, and indeed their lives, so deeply altered, and in some cases violently upset, by fanatically held social and political doctrines (Berlin 1969:1).

Neoliberalism has been differentiated from classical liberalism by many writers. Brown (2005), for example, defines classical liberalism as the maximisation of free trade and competition, with minimum interference from the state. But individual liberty is crucial there, with either a conservative 'take' focussed on liberty, or a politically liberal interpretation leaning towards equality. Neoliberalism, on the other hand, it has been claimed, is pervasive, and deeply influences all aspects of our lives. Ethical, social, civil, political and governmental values are subsumed under the rubric of 'rationality', which involves calculation, above all in terms of the market values of cost and profit (Harvey 2005, Lilley and Papadopoulos 2014).

It is proposed in this paper to compare neoliberal ideologies and practices primarily in England with Isaiah Berlin's (1958) negative and positive freedoms, i.e. freedom from interference and freedom to act without obstruction. Points of comparison will include classical liberal values such as individual freedoms, the extent of equality before the law, the degree of humanity towards citizens (or subjects), the types of penalties imposed on various strata in society, the apportionment of state resources to these strata and the discourses surrounding and upholding official ideologies and practices in these societies, 'real' and fictional. The implications for social responsibility and governance will be drawn out as will a discussion on the future of a society governed by neoliberal ideologies and practices.

Definitions of neoliberalism

... neoliberalism, a peculiar form of reason that configures all aspects of existence in economic terms, is quietly undoing basic elements of democracy (Brown 2015: 17)

Neoliberalism, is unlike many other 'neo's, which to a greater extent have retained similarities with their original 'ism'. Neo-Fordism, for example, has been adapted to incorporate greater flexibility to satisfy customers' desires for greater variation and choice, but retain Fordist, alienating production techniques with constant electronic surveillance (A Dictionary of Human Resource Management). Similarly neo-Marxism is an extension of classical Marxism, extending the ideas by incorporating ideas from other intellectual traditions (Marshall & Scott 2005). This is in significant aspects very different in the case of the differences between neoliberalism and the original classical liberalism.

There are of course, as always, different definitions of any such traditions. Harvey's (2005) and Brown's (2005, 2015) frameworks are used as the basis for the analysis of neoliberalism in this paper. According to Brown (2005) classical liberalism was essentially an ideology intended for economic aspects of society. It propagated the maximisation of free trade and competition with minimum state interference. However the ideology was also strong on individual liberty (the conservative version) or equality (the political liberal approach) (Brown 2005).

Rationality

Neoliberalism, according to these two and other authors is very different, principally in wanting to extend certain economic principles to society as a whole, as will be seen with very different consequences from intentions of liberty or equality. Harvey's definition begins harmlessly enough:

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve in institutional framework appropriate to such practices (Harvey 2005:2).

Harvey then begins to uncover the further significance of neoliberalism and its radical differences from classical liberalism:

Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks, the state should not venture (Harvey 2005: 2).

Brown spells out the consequences of extending market values to all institutions in society. She echoes Harvey's description of the economic ideology behind neoliberalism:

Neoliberalism is equated with a radically free market: maximised competition and free trade achieved through economic deregulation, the elimination of tariffs, and a range of monetary and social policies favourable to business ... (Brown 2005:38).

This is a type of economic rationality, much earlier analysed by Weber and predicted to be one of the most serious problems facing western societies (Parsons 1964). Weber defined economic rationality as 'the systematic distribution ... of utilities, on the control of which the actor ... feels able to count' (Weber 1964:168). Brown talks about the 'pervasiveness of economic rationality' in all dimensions of life in a neoliberal world. She argues that moral responsibility is equated with rational action, which

erases the discrepancy between economic and moral behaviour by configuring morality entirely as a matter of rational deliberation about costs, benefits and consequences (Brown 2005:42)

The extension of such policies to all aspects of society has the consequence of making them

indifferent toward poverty, social deracination, cultural decimation, long-term resource depletion, and environmental deracination (Brown 2005:38).

Effects of neoliberal policies on society in general

Harvey argues (supported and supplemented by examples of practice in contemporary Britain given below) that the effects of neoliberalism constitute the ‘creative destruction’ of large swathes of institutions, principles and practices of British (and global) society. These include institutional frameworks and powers, including traditional forms of state sovereignty; social and labour relations; social welfare provisions; public ownership of transport, public energy utilities and social housing and other public institutions (Harvey 2005).

Privatisation, wealth and resources

Neoliberal policies have resulted in the privatisation and commodification of public assets, previously excluded from considerations of profitability such as water, transport, social welfare, public institutions such as universities²⁸, prisons and even warfare, with private armies alongside the British army, and the wholesale commodification of nature – commons, land, water and even air (above buildings for example).

The political consequences of this are the ‘transfer of wealth from the public and popular realms to the private and class-privileged domains’ (Harvey 2005:61). So, for example, there is redistribution of wealth and resources from the poorest and most disadvantaged in the society to the wealthiest and most powerful. This is done through privatisation of state assets; through cutbacks in state expenditure that constitute social support to the most vulnerable (derogatively termed ‘benefits’) and also to the majority (through reductions in social services such as health, education, police, prisons and legal aid, including the privatisation of some of these – parts of the NHS and the prison service for example) (Harvey 2005).

Taxation policies

The opposite strategy, which further bolsters the wealth and resources of the wealthy, is that of revising the tax code to become more regressive with the addition of subsidies and tax breaks to corporations (Harvey 2005). In effect these are also ‘benefits’, amounting to far greater sums than those given out as social benefits, though they are not named nor regarded as such (Jones 2015).

Commodification

²⁸ It has been argued in a previous paper that mainstream management scholarship in the academy has been seriously influenced by neoliberal principles with the consequence of producing objectivist, positivist scholarship uncomplemented by subjectivist, qualitative approaches which has compromised the production of pluralistic, holistic and emancipatory knowledge (Green 2015).

Where neoliberalism becomes significantly different from classical liberalism is through the policy of commodifying everything – that is everything in principle is treatable as a commodity which can be traded. This includes social processes and social relations such as caring for people, people themselves (see below for examples of this).

Individual responsibility

Equally far-reaching is as mentioned above the withdrawal by the state from social welfare provision (Harvey 2005). Instead of state support the neoliberal mantra is translated into a personal responsibility system in which individuals have to buy their protection. People are to become wholly responsible for themselves. Individual moral responsibility is equated with rational action, and morality is represented as entirely a matter of costs and benefits (Brown 2005).

Because of the emphasis on individual responsibility, the concept that political citizenship has no place in society and possibilities of resistance to such ideas is weakened. The extension of economic rationality to all aspects of life and thought further weaken alternative values such as equality and freedom and individual autonomy and dignity. Institutions that might have supported such values, such as the law, educational institutions, central and local government all lose their power to uphold these in the face of relentless pressures to act in terms of economic rationality. Brown describes this as the ‘ghastliness of life explicitly ordered by the market and measured by market values’ (Brown 2005:46) and by Weber as a world of ‘icy, polar darkness and hardness’ (Maley 2011:3)

Democratic institutions and processes

Values inherent in liberal democracies such as free elections, representative democracy and individual liberty with some power-sharing and participation are passed over for economic competitiveness and cost benefit analysis. Brown argues that this is resulting in the jettisoning of civil liberties, the freedom of the media,²⁹ quality public education which encourages informed and active citizenship,³⁰ and government accountability.³¹ There has also been the stripping away of many of the protections achieved in the first half of the twentieth century: labour rights, through the curbing of trade union powers³² yet the state does not disappear. Brown (2005) has pointed out that far from reducing its power and influence, the state protects and strengthens the facilitation of competition and free trade, such as through the

²⁹ There is now a move to curtail the resources of the BBC which has been interpreted as being politically motivated by the government.

³⁰ Academic courses such as university degrees have been increasingly subject to restrictions on subject matter through, for example, learning outcomes. Sub-degree courses such as the widely studied BTEC programmes are further restricted through the imposition of syllabi pre-determined by the accrediting bodies.

³¹ The Chilcot Report into Britain’s role in the Iraq War in 2003 is one example of an inquiry that has been extended for six years with attempts at obstruction by the British Government and Foreign Office through withholding relevant information.

³² The present newly elected government is considering further restrictions on trade union strike action.

boosting of the power and wealth of private corporations granted private ownership and control over public assets, with, needless to say, the help of resources from the exchequer.

Comparison with Isaiah Berlin's Freedoms

Berlin (1969) is one among many social theorists and sociologists that one could use for frameworks of explanation and comparison with these neoliberal concepts. If we for the moment assume any connection between liberty and neoliberalism, as one can between liberty and classical liberalism, many writers share with Berlin the importance of liberty for the human condition. Berlin cites Mill as saying that for civilization to advance individual liberty would provide 'spontaneity, originality and genius as against collective mediocrity' (cited in Berlin 1969:6).

In contrast with neoliberal precepts that individuals must bear full responsibility for their actions and Margaret Thatcher's famous remark that 'there is no such thing as society' (Thatcher 1987), many scholars and theoreticians assert the contrary, first in ontological terms. Berlin, speaking personally makes the passionate assertion:

It is not that my material life depends upon interactions with other men, or that I am what I am as a result of social forces, but that some, perhaps all, of my ideas about myself, in particular my sense of my own moral and social identity, are intelligible only in terms of the social network in which I am ... an element (Berlin 1969:22)

Other writers, cited in Berlin, have countered that the idea that individual responsibility is incompatible with interaction with and subjection to the state's authority. Locke stated that without law there was no freedom. Law was a general good and escape from it was irrational, and would lead to licence and brutishness. Lock continued to extol authority as closely connected with authority, its basis being the declarations of the rights of man from the eighteenth century (cited in Berlin 1969:17, 18).

Rationality

Berlin has different conceptions of rationality, to do not with economic and other calculation but with freedom. For him rationality is a just order that would give each person all the freedoms to which a rational being is entitled. He takes a Rawlsian view of rationally enacted laws. They were laws that all rational people would freely accept:

such laws as they would themselves have enacted had they been asked what, as rational beings, they demanded (Berlin 1969:16)

Berlin continues to argue that if a plan were fully rational it would allow for people to be able to develop their 'true' natures, for making the best of their capacities for rational action in order to realise their own true selves (Berlin 1969:17).

Positive freedoms

Berlin distinguishes between two types of freedom – positive and negative. Positive freedom is about the source of control that determines what a person can do or be. It is about having the capability of being one's own master or mistress; bearing responsibility for one's own choices.

This can lead to certain problems. A major problem of people having freedom is that there could be a situation where its acquisition for some is won at the expense of exploitation for the majority (Berlin 1969).

Berlin argues that that because we are not all alike, the extent of a person's liberty to live as she pleases may not be the same choices made by others. Such freedom then must be weighed against values such as equality, justice happiness or security for others (Berlin 1969). This leads, as Tawney argued, to the need to restrain the liberty of the strong, both physical and economic, in the interests of the weak (cited in Berlin 1969:30). Berlin himself warns against the need for the imposition of certain social controls to avoid (what some are also seeing in present-day Britain):

the oppression of the weaker and the stupider by the stronger or abler or more energetic and unscrupulous (Berlin 1969:16).

A further rationalisation of this, and also not unfamiliar in current political discourse is the idea that such oppression can be done in the name of the oppressed – for their own good:

Once I take this view [coercion of others for a goal, including a goal for their own good], I am in a position to ignore the actual wishes of men or societies, to bully, oppress, torture them in the name, and on behalf, of their 'real' selves, in the secure knowledge that whatever is the true goal of man ... must be identical with his freedom – the free choice of his 'true', albeit often submerged and inarticulate, self (Berlin 1969:9).

As implied above, conditions imposed on both the favoured minority and the less favoured majority certainly in the UK, the USA and in many other countries, as demonstrated through

examples below, can be regarded as being a version of the implementation of positive freedoms without the controls advocated by writers like Tawney and Berlin.

Negative freedoms

Berlin defines these as actions one can take without interference by others. Many writers, including Locke and Mill in Britain and Constant and Tocqueville in France argued for certain minimum areas of personal freedom that should be inviolable (cited in Berlin 1969:4,5). From at least the first half of the nineteenth century classical liberals argued against the concept of positive freedoms which they saw as easily able to destroy too many of the negative liberties they held sacred. They wanted rights rather than power to be regarded as absolute – for example the right to refuse to behave inhumanly; the rights to refuse to breach standards that are regarded as normal human and sane codes of behaviour. Examples would include the right to refuse to institute a legal system that could pronounce on guilt without a trial and barbaric behaviours such as torture and murder. The freedom to breach such barriers would be a reflection of a society that was not free (Berlin 1969). Again the examples given below of actual neoliberal policies and practices in the UK put into question whether and to what extent there have been breaches of what is considered normal and humane conduct, and thus to what extent the society we are now living in can be considered to be one that is free.

In sum, to quote Berlin for the last time:

Pluralism, with the measure of negative liberty that it entails, seems to me a truer and more humane ideal than the goals of those who seek in the great disciplined authoritarian structures the ideal of ‘positive’ self-mastery ... It is truer because it does, at least, recognise the fact that human goals are many, not all of them commensurable, and in perpetual rivalry with one another It is more humane because it does not ... deprive men, in the name of some remote, or incoherent ideal, of much that they found to be indispensable to their life as unpredictably self-transforming human beings (Berlin 1969:31).

Neoliberalism in practice

Rationality and commodification

It is proposed here to consider two aspects of neoliberalism: first rationality and commodification and then privatisation. The rationality and commodification shown below should demonstrate empirically the deep differences between neoliberal conceptions of

rationality which are closely linked with commodification and that suggested by Berlin – the enabling of people to develop their capacities to the full.

The Daily Mail, one of Britain's most widely read national newspapers, despite its strong political views rejected by many more 'liberal' citizens sometimes uncovers issues that are of national interest because of the way certain people or groups of people are treated by those in authority. One such case was the way many local authorities, responsible for paying for the care of the elderly who are unable to look after themselves, handle their continually diminishing budgets cut by the government's austerity programme.

These local councils, in a bid to reduce the costs of care for the elderly, have set up 'eBay-style' websites where in effect the elderly are auctioned off, not as is the case with eBay to the highest bidder, but to the lowest. The medical and other details are put on these websites and care companies are invited to bid. If the bids are not low enough, the care companies are invited to lower their bids or offer extra services to be included in their original bid. The Daily Mail then goes on to point out and remind readers of the already inadequate and sometimes scandalous treatment experienced by the elderly in care homes. The 'eBay' website practice has been likened to 'granny trafficking' or 'cattle markets for grannies' (Lythe & Duffin 2015).

Far from Berlin's conception of rationality, here we have a situation where people are treated as numbers. Their own needs (a term not frequently heard in current political discourse), wants and opportunities for as good a life as they could enjoy are not in local authority consideration nor in their policy calculations. People in these care homes may, if they have been lucky, feel comfortable there with the staff they are used to, the friends they have made and a sense of community. This is now completely overridden by pure economic calculation and cost-cutting.

One can conclude from this example, which is being practised by many local authorities and affecting many people, that Berlin's worst fears of what can happen only when positive freedoms are exercised is happening now in Britain. The powerful, in this case the decision-makers in local authorities, are oppressing and exploiting the position of these elderly people and treating them in ways that seriously impinge on what many would argue are some of their basic rights as human beings.

Privatisation

In Britain, starting with the conservative government under Margaret Thatcher from 1979 and continued by successive governments both conservative and labour, there has been a continuous increase in allowing (and paying) private companies to take over many of the public services in this country, including some of the public services dealing with benefits to claimants, who for various reasons such as illness and disability, unemployment and low wages need financial and other help such as medical and physical care from the state. Examples of the consequences of the neoliberal policies mentioned above of the state

withdrawing its support from individuals who are expected to take full responsibility for their lives, are outlined below.

Owen Jones, an internationally recognised writer, columnist for the Guardian newspaper and broadcaster has written about the way benefits claimants are being treated by private companies given billions - £4 billion in 2012 -from the state to make provision for these claimants (Jones 2015). In addition to the government's declared rationale of reducing the benefit budget because of their 'austerity'³³ policy, there is a further squeeze on claimants by the private companies' policies of making as much profit as they can at expense both of claimants and of the British taxpayer through fraudulent claims for inflated sums (Jones 2015).

Jones has given some examples of the way claimants have been treated by these companies and of the consequences they have suffered. One of these private companies responded to Brian McArdle, a 57-year- old former security guard, who was left half blind and paralysed down one side by a stroke in the following way. McArdle, struggles to speak, feed and dress himself, and after a second stroke, nevertheless went to request welfare benefits from the French company Atos. He was still found fit for work and his benefits were stopped. The day after receiving this information on 26th September 2012 he had a heart attack and died (Jones 2015). Jones then details his meeting the Secretary of State for Work and Pensions (DWP), Iain Duncan Smith on the panel discussion *Question Time* in which he raised the failures of Atos, asking Duncan Smith if he remembered McArdle's name, 'if nothing else':

The Secretary of State exploded in a fit of rage, wagging his finger in my direction as he snarled: 'We've heard a lot from you.' (Jones 2015:181)

One more example outlined by Jones: Karen Sherlock had failing kidneys. She tweeted: 'Preparing for dialysis. Each day is tough xx' (Jones 2015:181). Atos nonetheless had found her capable of some work, and she was put into the work-related activity group with time-limited benefits. She died in June 2012. Jones quotes her friend and disability-rights campaigner, Sue Marsh: Sherlock 'died in fear because the system failed her, because cruel men refused to listen and powerful men refused to act' (Jones 2015 181).

Again one can use Berlin's analysis to show how the positive freedoms accorded in this case to decision-makers in the private company Atos and policy-makers in one of the government's departments dealing with the weakest and most vulnerable people in British society have used their powers in an inhuman and unscrupulous way not only to exploit and oppress people, but arguably to deny them the most fundamental of freedoms – the right to life.

Jones points out the scale of the consequences arising from sick and disabled people being placed in the 'work-related activity group': according to a reply from a Freedom of

³³ Austerity has been placed in inverted commas as this is a contestable concept both for its rationale and also for the way it has been applied in the UK. However this is the subject for another paper.

Information request in April 2012, about 1,100 sick people died in the first eight months of 2011 – the equivalent, Jones points out, of 32 people dying each week (Jones 2015:182). When one considers the number of people overall who have had their benefits partially or completely cut, an estimate in the Guardian newspaper put the numbers between October 2012, when new regulations were introduced, and 2013 at 871,000 (Gentleman 2014). Requests for statistics showing the numbers of deaths within six weeks of benefits being stopped between November 2011 and May 2014 was initially refused by Iain Duncan Smith who denied that such figures existed. After a freedom of information request in a petition signed by over 200,000 the DWP appealed the decision (Guardian 24th June 2015). More recently an estimate in the Guardian is that more than 80 people a month are dying after being declared ‘fit for work’. Ryan points out that ‘the safety net that used to be there for the most vulnerable is being torn to shreds’. According to her, early analysis estimates that 2,380 people died between December 2011 and February 2014 shortly after being judged ‘fit for work’, and that 7,200 people died after being awarded the Employment and Support Allowance (ESA) and placed in the work-related activity (Ryan 2015, 2015). Karen Sherlock, mentioned above, would fit into this statistic.

Implications for corporate social responsibility and organisational governance

If one then translates this into questions for corporate social responsibility and organisational governance one could reach two contradictory conclusions. On the one hand if neoliberal principles and practices are taken fully on board, the neoliberal canon holds that any responsibility by the state for individuals is rejected in favour of individuals taking responsibility for their own lives and fortunes. It might therefore follow that organisations should do likewise. Considerations of corporate social responsibility and organisational governance need no longer be anything they have to take seriously or demonstrate – instead they could abrogate all responsibility for people, be they the people who in the broader society are affected by them (communities, as mentioned, are no longer considered relevant in neoliberalism), their direct customers, their employees and other stakeholders in their organisations, excluding of course those who have a stake through the ownership of shares, be they recently privatised or more longstanding.

On the other hand, the alternative conclusion would lead to an opposite conclusion and more rather than less action in the areas of corporate social responsibility and corporate governance. For those decision-makers in corporate and other organisations with ideologies that include social responsibilities, the abnegation by the state of care and support for those least able to cope in this more extreme neoliberalised and privatised society might lead to more stringent and wide-ranging issues to uphold corporate social responsibility and organisational governance both within their organisations and in relation to the wider society.

Conclusion

Some of the effects of neoliberal principles of rationality, commodification, cost and benefit policies, privatisation policies and the mantra of individual responsibility have been outlined above. They exemplify Berlin’s fears for the award of positive freedoms which can (and have)

led to coercive and inhuman policies inflicted on the poor, weak, ill, disabled and in other ways vulnerable to the ‘freedoms’ of the strong and powerful. The inviolability of certain minimum areas of personal freedom argued for by Locke, Mill, Constant and Tocqueville as well as Berlin have been overridden, even, as has been seen to the point of the inviolability of life itself.

Ryan’s comments illustrate the consequences of the British Government’s austerity programme which, it is argued here, practises many aspects both of neoliberal principles, and allows what Berlin and others would argue is an overabundance of positive freedoms which allow those in positions of power to override basic negative freedoms which involve normal standards of humanity and should be protected absolutely:

There is a reason, in the age of austerity, that politicians and much of the media has stopped using the term social security and replaced it with ‘welfare’. It sets expectations much lower. A sense of security for members of society in bumped down to mere subsistence.

Today’s mortality statistics do not simply point to the death of disabled, poor, and ill people but of the system that was meant to protect them. Before our eyes the principle of a benefit system is being reduced from opportunity, respect, and solidarity to destitution, degradation and isolation (Ryan 2015).

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A Study of Corporate Social Responsibility Disclosures in Turkey, Aslan Tolga ÖCAL, Işıl KARATUNA

¹ Marmara University, Labour Economics and Industrial Relations Department, Turkey

² Kırklareli University, Lüleburgaz Vocational School, Turkey

Abstract

This study aimed to determine the extent and content of the corporate social responsibility (CSR) disclosures of the top 20 companies listed in the Fortune 500 Turkey, 2015. The study adopted an exploratory and comparative approach and used content analysis method to describe CSR practices reported in the companies' official web-sites, annual reports and CSR reports. The findings revealed that majority of the companies embraced CSR and reported socially responsible activities in many domains. The main themes derived from the data were (a) environmental friendly activities, (b) employee treatment, (c) educational activities, (d) social activities, (e) healthcare activities, and (f) support to disadvantaged groups. The most common CSR reports were on the areas of social activities like sponsorship to cultural/sports activities, environmental activities like energy saving, educational activities and donations to the people in need. Conversely, many of the companies were seen to be lacking of CSR issues on labour standards in their reports. This study contributed to the CSR research by describing CSR disclosures of the top 20 profitable companies in details and by providing data in a relatively new national context (Turkey).

Keywords: Corporate social responsibility, corporate sustainability, Turkey

Introduction

The concept of corporate social responsibility has gained increased attention over the past several decades. There is growing public attention that companies should behave in a socially

responsible fashion due to the heightened awareness of the impacts of corporations on the environment. Governments, labour unions, employees, suppliers, customers, activists, civil society organizations etc. expect companies to act responsibly with respect to the environment, contribute to the social welfare beyond profit maximization and engage in CSR practices. Prior research has indicated a positive link between a company's CSR activities and reputation (Fombrun and Shanley, 1990; Brammer and Pavelin, 2004). Accordingly, by acting responsibly and contributing to social welfare, a company should enhance its reputation; thus, increase its competitive advantage. Although it is still contested whether or not CSR is positively linked to financial returns, there has been increasing internal and external pressures on companies to engage in CSR practices. CSR practices include activities like protecting the environment, recycling, community engagement, promotion of women and minorities in organizations, health and safety at work, employee training and development etc. Companies have the opportunity to demonstrate their social consciousness on such issues through disclosures of CSR practices. Therefore, CSR practices have become an important part of business organizations and many companies started to issue CSR reports that reflect their social and environmental performances. In the present study, we aimed to provide a picture of the corporate social responsibility practices among the top 20 profitable companies in Turkey and to investigate the CSR areas that have been neglected or favoured.

Defining Corporate Social Responsibility

The modern era of social responsibility started with the work of Bowen (1953, p.6) who defined CSR as the “obligation of businessmen to pursue those politics, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of society”. Since then, various definitions of CSR have been proposed; yet, Carroll's definition of

CSR has served as the framework for many studies and discussions. Carroll (1979, p. 500) described CSR as “the social responsibility of business that encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations” and developed a model entitled the Pyramid of Global CSR, in which he outlined the four components of CSR -economic, legal, ethical, and philanthropic. Accordingly, economic responsibility is considered as the first and leading responsibility of corporations. Economic responsibilities include activities like producing goods and services to be sold at a profit and satisfying consumers with products of good value. The second responsibility of business is legal and legal responsibilities include complying with laws and regulations of the respected society. The third responsibility is ethical and involves activities that are expected by society yet not dictated by formal law (Carroll, 2004). Finally, the philanthropic responsibilities reflect the voluntary dimension of corporate social responsibility and include activities that are not ethically and legally mandatory and which are desired of business by society (Edmondson and Carroll, 1999), such as charitable donations, the building of recreation facilities for employees and their families, sponsoring for art, sports and cultural events, social investment in education and health, etc. (Matten and Moon, 2007).

Although Carroll’s definition and model of CSR is still being widely used in the recent studies, there is still no consensus on the definition and concept of corporate social responsibility. For example, Jones (1980) described CSR in terms of voluntary responsibilities and as an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. According to Wood (1991), the basic idea of CSR is that business and society are interwoven rather than distinct entities; thus, society has certain expectations for socially responsible business behaviour. In the definition of McWilliams and Siegel, CSR is

described as “situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law.” They claimed that CSR is going beyond obeying the law and profit maximization (McWilliams and Siegel, 2001). According to this point of view, avoiding discrimination against women is not considered as a social responsibility, whereas actions such as developing non-animal testing procedures, recycling, abating pollution or supporting local businesses are accepted as supportive of CSR (McWilliams and Siegel, 2001).

CSR has also been defined by European Commission (2001) in the Green Paper as a concept “whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. In the Green Paper CSR has been evaluated from an internal and external point of view. The aspects related to internal CSR are classified as (1) managing human resources, (2) health and safety at work, (3) adapting to changes in company reorganization, (4) managing the effects on the environment and on natural resources. And from the external point of view CSR includes a number of external parties, i.e., consumers, suppliers, public authorities, community, etc. Therefore, socially responsible behaviour should also be about the following areas: (1) local communities, (2) business partnership and suppliers, (3) rights of man, (4) environmental concerns at the global level.

In 2010, a new international standard for CSR has been established by International Organization for Standardization (ISO) with the participation of experts from more than 90 countries. This global CSR standard was entitled ISO 26000 and included seven core subjects and their related items i.e., organizational governance, human rights, labour practices, the

environment, fair operating practices, consumer issues and community involvement and development (ISO, 2010).

More recently European Commission presented a new definition of CSR as “the responsibility of enterprises for their impacts on society” with the aim of “maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large” (EC, 2011).

Considering the above definitions of CSR, it can be concluded that CSR is a complex and dynamic concept that is continuously evolving and changing due to the societal norms and expectations (Boulouta and Pitelis 2013).

CSR in Turkey

The concept of CSR might differ between countries based on the political system, financial system, education and labour system and cultural system (Matten & Moon 2007). In Turkey, CSR activities started with the philanthropic practices of foundations during Ottoman Empire period (Öcal, 2007). This philanthropic understanding of CSR has turned into a much more complex concept with its changing parties and activities in the Republic of Turkey, with respect to the changing power structure, legal regulations, the impact of corporations and the attendance to international agreements. Accordingly, CSR has differentiated itself from the traditional philanthropic mentality and has been institutionalized (Alakavuklar et al., 2009). While the philanthropic tradition is still supported by some companies, it can be stated that the structured CSR practices have been embraced increasingly by many corporations over the last 30 years (Eren-Erdogmus et al., 2014). In fact, the number of the corporations, institutions, foundations and companies participating in the United Nations (UN) Global Compact, i.e., a voluntary initiative to enact standards for corporations maintaining human rights, labour rights,

environment and anticorruption, has increased to 304 as of July, 2015 (<https://www.unglobalcompact.org>, accessed 8 July 2015). Companies who participate in the Global Compact are required to be transparent about their engagement by annually disclosing their progress on the implementation of the principles of the Compact (Rasche, 2009). Therefore, it can be stated that companies that participate in the Global Compact acknowledge the potential liabilities (e.g., implications of the labour rights provisions) as a consequence of signing the letter of application. However, even though the number of companies that participated in the Global Compact is in rise in Turkey, Alakavuklar et al. (2009) stated that many companies still lack of legal standards such as labour rights (e.g., job safety, collective agreement, child labour); yet, continue to perform CSR practices in completely different areas. Prior research performed in Turkey indicated that majority of the companies concentrated on philanthropic CSR projects and practices while excluding issues such as labour rights and labour standards in the workplace (Aktaş-Yamanoğlu, 2012, Eren-Erdoğan, 2014, Alakavuklar et al., 2009). According to the study of Micheal and Ohlund (2005) in which they investigated the country rankings in CSR measures, Turkey had the lowest performance in labour standards when compared with the other EU candidate countries and the countries that recently acceded into EU in that time of the study.

In line with the above argumentation, in the present study, we aimed to provide a picture of the corporate social responsibility practices among the top 20 profitable companies in Turkey, using Carroll's (1991) Corporate Social Responsibility framework with a particular emphasis on the philanthropic and ethical components. Furthermore, we wanted to investigate whether these companies have corporate codes of conduct on global labour standards such as the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, the elimination of discrimination in employment and occupation,

limitations on working hours, the recognition of health and safety standard, the right to a living wage, the elimination of harassment and abuse (unethical treatment), the implementation of employee suggestions.

Thus, we aimed to investigate the following research questions.

RQ1. What are the main themes and categories of the CSR practices among Turkey's top 20 profitable companies?

RQ2. How many of these companies have participated in the UN Global Compact and submitted their progress on the implementation of the principles of the Compact?

RQ3. How many of these companies have displayed their codes of conduct on global labour standards?

Methods

This study focused on analysing the voluntary CSR practices of the top 20 profitable companies listed in the Fortune 500 Turkey for 2015. Selecting top 20 companies as the sample is based on the consideration reported in the prior research that there is a positive relationship between company's financial performance and CSR (Arzova, 2009, Yumuk Gunay and Gunay, 2009). We chose to use the companies listed in the Fortune 500 Turkey, since in the business world nearly 90% of Fortune 500 firms make CSR disclosures in their annual reports (Boli and Hartsuiker, 2001). In order to determine these companies' disclosures of CSR, we investigated the companies' web pages and annual reports thoroughly between the dates January 2015 and July 2015. We also performed a Google search for the companies and each theme/category listed in Table 1. The data were analysed using the qualitative content analysis method, which helps to examine patterns in documents and codify written text into various groups and categories on the

basis of selected criteria (Krippendorf, 2004). The voluntary CSR practices mentioned in the related previous research helped us to define the key concepts and the initial coding scheme for the CSR practices. However, the previously mentioned studies did not limit the development of further themes, codes, and categories in the current study. Thus, the codes were developed and refined by the use of a deductive-inductive process which is a common and powerful way to perceive qualitative data analysis (Evers and Van Staa, 2010). Depending on the comparison based on the differences and similarities, codes were sorted into categories and themes, as shown in Table 1. Thick description (Kuzel and Like, 1991) was used to enhance the trustworthiness of the study. Accordingly, examples of each category were presented to ensure rich and specific information to the reader (Holloway, 1997).

(Table 1 about here)

In order to determine whether the companies participated in the Global Compact and displayed their codes of conduct on global labour standards, we again investigated the companies' web pages and annual reports thoroughly. As for the labour standards we took into account the international labour standards proposed by major initiatives like UN, Business Social Compliance Initiative, Caux Round Table Principles, Clean Clothes Campaign, Ethical Trade Association, Fair Labour Association, Fair Wear Foundation, Global Sullivan Principles and Social Accountability International 8000.

Results

Content analyses of the data revealed six major themes in the discussion of the CSR practices embraced by the most profitable 20 companies listed in the Fortune 500 Turkey for 2015: (a) environmental friendly activities, (b) employee treatment, (c) educational activities, (d) social activities, (e) healthcare activities, and (f) support to disadvantaged groups. Each theme

included several codes and categories that provided details of the CSR practices reported. For instance, environmental friendly activities included categories like conservation of resources (e.g. energy saving, recycling, reduced paper consumption), protection of environment (e.g., reduction of emission, waste control), and reforestation (e.g., planting). Employee treatment theme covered categories like education of employees (e.g., occupational health and safety courses, mobbing courses), services for employees and their families (e.g., private health insurance for employees /families, recreation facilities, regular check-up/health services for employees), and extra services for employees (payment for marriage/birth of children, circumcision feast for employees' children). Educational activities theme was related to categories like education facilities, tools and donations (e.g., school construction, monetary aid), community development courses (domestic violence awareness courses, occupational courses, traffic and first aid courses), grants (monetary support to students), and scientific activities (e.g., innovation /technology/engineering contests for students, software development contest for students, entrepreneurs). Social activities included categories that described art, music and theatre activities (e.g., sponsorship/monetary support to cultural activities), sports activities (e.g., sponsorship for teams, support less popular sports in Turkey), and preservation of culture (e.g., support archaeological activities, publicity of local/national places). The fifth theme, i.e., healthcare activities covered categories like donations (e.g., blood donations, books and toys for children rooms of hospitals) and healthcare facilities and services (e.g., construction of hygienic toilets, construction of healthcare centres). The last theme, i.e., support to disadvantaged groups, was related to facilities, tools and donations (e.g., build or give monetary support to disabled friendly facilities, procure equipment to disaster areas), social integration through education (e.g., occupational courses for disabled people, literacy courses and monetary support to female education), social integration through employment (e.g., create job opportunities for disabled people, create job opportunities for

females), and social integration through communication (e.g., book reading to disabled people, easy communication opportunities for disabled people).

A matrix of the CSR practices is used to illustrate whether the companies had disclosures on the CSR themes developed by the authors (Table 2). The companies were identified by number (e.g., C1) and placement of the companies did not necessarily reflect the ranking in Fortune 500 list. CSR themes that were reported by the companies were noted by placing an X in the corresponding category, based on Holcomb et al.'s study (2007). Accordingly, reporting of services for employees and their families dominated with 18 out of 20 companies, followed by conservation of resources with 14, education of employees with 13, sponsorship to sportive activities with 13, facilities and donations for disadvantaged groups with 13, sponsorship to cultural activities with 12, community development courses with 12 and healthcare donations with nine. Ten of the companies reported practices in all the CSR areas we determined. Conversely, three companies were seen to report brief information only about the services for their employees and their families. Besides, in their reports they also mentioned the results of their employee satisfaction questionnaire which included negative criticism about their poor social services; uncertainties emerged from the privatization policies and information about their employees' low levels of motivation.

(Table 2 about here)

After determining the CSR themes derived from the company reports, we specifically concentrated on their corporate codes of conduct on the global labour standards. Thus, we initially examined whether they had joined the UN Global Compact and reported on their progress on the implementation of the related principles of the Compact (i.e., child labour, collective bargaining, forced labour and discrimination). Of the 20 companies ten were seen to

participate in the UN Global Compact and had provided information regarding their CSR practices in their reports of corporate social responsibility and/or sustainability reports. However, one of the reports could not be reached on-line. In addition to investigating the companies' progress on the implementation of the principles of the Compact, we also examined the global labour standards which were not included in the Compact, via the companies' web-pages and annual reports. A matrix of the corporate codes of conduct on global labour standards reported by the identified 20 companies is presented in Table 3. With 17 out of 20 companies, reporting of the elimination of discrimination in employment and occupation dominated, followed by the recognition of health and safety with 15, the right to collective bargaining, the elimination of harassment and abuse (unethical treatment), the elimination of all forms of forced and compulsory labour and the implementation of employee suggestions with 11, the effective abolition of child labour with ten, limitations on working hours with eight and the right to a living wage with six. Of the companies we examined, only four of them were seen to report the whole labour standards we investigated. Conversely, two companies were not found to report codes of conducts on any of these standards.

(Table 3 about here)

Discussion

The present study analysed the CSR practices of Turkey's top 20 profitable companies from an ethical and philanthropic perspective through a content analysis of the companies' websites and CSR reports presented on-line. In addition, it examined these companies' labour-related CSR policies and corporate codes of conduct on upholding the global labour standards depending on their CSR disclosures and reports on the implementation of these standards.

Results of the qualitative content analysis introduced six themes of ethical and philanthropic CSR practices and several categories that were derived from the reports of the companies: first, environmental friendly activities (conservation of resources, protection of environment, reforestation); second, employee treatment (education of employees, services for employees and their families, extra services); third, educational activities (education facilities and donations, community development courses, student grants, scientific activities); fourth, social activities (art, music and theatre, sports, preservation of culture); fifth, healthcare activities (donations, healthcare facilities and services); and sixth, support to disadvantaged groups (facilities and donations, social integration through educational activities, social integration through employment, social integration through communication). The identified themes and categories were found to be similar to those of the previous studies (Holcomb et al., 2007; Kabir and Akinnusi, 2012; Edmondson and Carroll, 1999; Dincer and Ozdemir, 2013).

In the present study, we have found that majority of the companies embraced CSR and reported socially responsible activities in many domains. This may partly be related to their financial performances (Arzova, 2009; Yumuk Gunay and Gunay, 2009); yet, conversely we also determined a couple of companies which had practically no reports of CSR practices despite their profitability. Thus, apart from being profitable, embracing CSR should be related to many other factors like executive needs for reputations, organizational culture, company's involvement in innovation or foreign investment, etc. (Beliveau et al., 1994).

In our study, the most reported CSR practices were about the services provided to employees, such as their education and training, under the theme employee treatment. High level of the CSR reports on education of employees might be related to the legal obligation imposed on employers to train employees on occupational health and safety issues (regulation on the

principles of employees' education on occupational health and safety, published in Official Gazette, 2013). When the other education and training reports of employees were investigated, we found that only a few companies had reports on the employee courses like awareness of disability, workplace bullying, maternity. In the theme of employee treatment, we also found out reports about some original CSR practices like organizing circumcision feast for employees' children.

Environmental friendly activities were coded as another theme that included highly reported CSR activities. Accordingly, we ascertained that majority of the companies reported ethical responsibilities such as energy saving which would legitimize their use of innovation and reinforce their commitment to sustainability. In addition, planting activities which constitute a tangible symbol of environment were also commonly reported among the top 20 companies. There was only one company report on the protection of stray animals which we evaluated under the category of protection of environment.

One of the most commonly reported theme included CSR practices through social activities. Accordingly, companies mainly reported their sponsorships and/or monetary supports to cultural activities (records, concerts, books, theatres, festivals, documentary films, sculpture, entertainment activities for children, museum/gallery openings and photography). Furthermore, sponsorship for local football and basketball teams were reported as a very common CSR practice; besides, companies that had sponsorships for Turkey's biggest clubs also evaluated and reported their activities as CSR practices. Actually, these activities should be considered as social marketing and this finding confirms the view that CSR in Turkey is considered especially on the basis of marketing and reputation (Akyıldız, 2012).

The next commonly reported CSR practices were categorized under the theme “support for disadvantaged groups”. This theme included the CSR practices for disabled people, elder people, low-income families/children, people in disaster areas and females. Monetary aids and non-monetary support like procurement of equipment; building facilities to the people in need were the most frequently reported CSR practices. There were also rare but salient reports about CSR practices like creating job opportunities for female convicts, females, and people in disaster areas. These practices both would help to reduce the unemployment rate and help these disadvantaged groups in their integration to social life. Again, there was only one company that reported a CSR practice about elderly people, i.e., help them in managing their shopping. Indeed, this practice is not enough to meet the demands of older people in need; yet, it still can be considered as an important practice since it is the only CSR disclosure on elderly people. The rare interest to CSR practices about elderly people should be related to the low representation level (8%) of elderly population in Turkey (<http://www.tuik.gov.tr>, [accessed 27 July 2015](#)).

As for the educational activities, we found that grants, school constructions and occupational courses were the most substantial sources of CSR reports of the companies. The results of a research investigating the Turkish public demands of CSR practices showed that companies should primarily support educational practices (Capital, 2012). Accordingly, it can be stated that majority of the companies we investigated had considered the stakeholders’ expectations while investing in CSR practices, since the reports about educational activities were very common when we took the educational activities about disadvantaged groups into account.

The least commonly reported CSR practices were grouped under the theme “healthcare activities”. Healthcare activities like blood donations dominated this category. Yet, we

determined original CSR practices like construction of hygienic toilets and procurement of potable water for town residents.

Considering the preceding discussion of the reported CSR practices, we can conclude that majority of the companies embrace CSR and perform CSR practices in many domains, especially in the areas of social activities like sponsorship and monetary support to cultural and sportive activities, environmental activities like energy saving, educational activities and donations to the people in need. The companies' choice of CSR areas might depend on various factors such as culture and/or legal statute in Turkey. For example, companies' involvement in educational activities is supported by Turkish legislations (Tax Income Law). Accordingly, companies benefit from tax advantages in return for donating and/or contributing in the area of education.

Another finding was that many of the companies had no or inadequate information on the CSR issues about labour rights. A similar finding was observed in Aktaş Ymanoğlu's study (2010) in which she investigated 22 companies' CSR initiatives. Accordingly, issues like employee rights, investment in human resources, safety and health at work were not included in CSR project themes. In the present study we also found that many of the companies did not involve employee rights to their CSR reports, except for the ones (n=10) that participated in the Global Compact. Thus, we examined the web-sites and the annual reports of the 20 companies to find information about their reports on labour rights. Indeed, we determined that two companies did not even mention anything about their labour rights and two other companies only reported about the elimination of discrimination in employment and occupation. Conversely, ten companies who have joined the Global Compact had their reports on the labour standards mentioned in the Compact, i.e., the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, the elimination of

discrimination in employment and occupation. Moreover, four companies were seen to have reports on all the labour standards we took into account. In conclusion, it can be stated that the top 20 profitable companies listed in the Fortune 500 Turkey for 2015 compete with each other in reporting CSR activities like donations, sportive activities, educational activities etc., while majority of them lacking adequate CSR reports on global labour standards. This study contributed to the CSR research by describing the CSR disclosures of the top 20 profitable companies in details and by providing data in a relatively new national context (Turkey). At this point, several limitations of the study need to be addressed. The first is the use of content analysis in describing the CSR reports. Content analysis is only an indication of what firms say they are doing, and this may be very different from what they actually are doing (Cochran and Wood, 1984). Thus, this study only examines the reports about CSR practices and does not verify whether these practices existed or not. Besides, some companies might be supporting CSR practices but for some reason might not be publicly reporting their practices.

Second, we used the web-sites and on-line reports of the companies to achieve information about their CSR practices. However, using web-sites might be considered as a limitation as well, since information about CSR practices might not be added or deleted for some reason during the time of the study. For example, we found wrong information about a company's disclosure about its support to a national CSR project when we checked the web-site of the national CSR project. Therefore, it is important to notice that this study only describes the companies' reports of CSR practices in a categorization developed by the authors. Therefore, future research should include findings on in-depth interviews with CSR representatives of companies and perceptions of employees' regarding the CSR issues including labour standards.

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Table 1. Themes, categories and codes emerged from the reports of the companies

<i>Themes</i>	<i>Categories</i>	<i>Codes*</i>
Environmental friendly Activities	-Conservation of resources -Protection of environment - Reforestation	Energy saving (12), water saving (9), recycling (6), green /environmental building construction (4), electronic ticket application (2), reduced paper consumption (1), Reduction of emission (10), waste control (12), environmental packaging (4), protection of stray animals (1) Planting (12), watering and protection of green areas/ plants (2)
Employee treatment	-Education of employees -Services for employees and their families -Extra services	Awareness of disability /communication courses (1), first-aid/ occupational health and safety courses (13), environmental consciousness courses (3), maternity education for female employees (1), computer/foreign language/ occupational courses (7), support educational activities (3), mobbing courses (1) Private health insurance for employees /families (9), recreation facilities (8), education /sports opportunities for employees' children (2), support social activities of employees (music, theatre, sport, entertainment, etc) (10), nursery (4), logistic of employees (7), regular check-up/health services for employees (7), living quarters for employees (4) Bonus payment in feasts and/or pre-school period (1), payment for marriage/birth of children etc. (4), presents for employees (present checks, holiday packages, etc.) (2), one-day off for employees' birthdays (1), circumcision feast for employees' children (1)
Educational activities	-Education facilities & donations -Community development courses -Student grants -Scientific activities	School construction/restoration (7), laboratory /library /internet houses construction (5), procure sports/technical materials for schools (4), monetary aid to educational foundations (3) Use of toilet and hygiene courses (1), traffic /first aid courses (4), crafts courses (1), informatory seminars about occupations and career choices (2), disability awareness / sign language courses (1), domestic violence awareness courses (1), activities that encourage children to read books (1), environmental consciousness courses (4), interactive courses for children (1), foreign language (1), occupational courses (6), courses for agricultural producers (1), training and employment opportunities (5), energy saving courses (1) Monetary support to students (9) Innovation /technology/engineering contests for students (1), software development contest for students, entrepreneurs (1), science and technology courses (3)
Social activities	-Art, music& theatre -Sports -Preservation of culture	Construction of cultural facilities (3), sponsorship / monetary support to cultural activities (records-concerts-books-festivals-documentary films, sculpture, theatre, entertainment activities for children, painting exhibition, museum, gallery, photography) (12), sponsorship for cultural and art foundations (3) Construction of sports facilities (2), sponsorship for sports leagues (3), sponsorship for individual sportsmen (licensed-national-amateur) (4), sponsorship for teams (10), support less popular sports in Turkey (e.g., cycling, athleticism) (8) Establishment of outdoor museums/village squares/landscaping (1), support archeological activities (3), publicity of local/national places (4), erect a historical monument (1), support protection of symbolic cultures (eg., endangered animals like golden eagle) (1)
Healthcare activities	-Donations -Healthcare facilities & services	Blood donations (6), organ donations (1), books and toys for children rooms of hospitals (2), monetary and non-monetary aid to Turkish Red Crescent (2) Construction of hygienic toilets (1), construction of healthcare centers (5), procurement of healthcare equipment (2), procurement of potable water (1), free check-up /health service (3), establish control mechanisms for epidemic diseases (1)

Support to disadvantaged groups	-Facilities & donations	Build or give monetary support to disabled friendly facilities (toilets, stores, libraries, pools) (7), build facilities, procure equipment to disaster areas (3), monetary and/or non-monetary aid to low-income areas and/or disaster areas (8), monetary and /or non-monetary aid to disabled people (5), monetary and/or non-monetary aid to children in less-developed areas (national children day's activities, children festivals etc) (4)
	-Social integration through educational activities	Occupational courses for disabled people (2), monetary support to the education of disabled children/students (3), monetary support to the education of low-income / earthquake victim families' children (4), literacy courses and monetary support to female education (3), build education facilities for orphans (1)
	-Social integration through employment	Create job opportunities for disabled people (2), create job opportunities for females (3), create job opportunities for female convicts (1), create job opportunities in disaster areas (1)
	-Social integration through communication	Book reading to disabled people (2), establish civil initiatives to help people in need (3), theatre activity for low-income families' children and orphans (2), help elder people manage their shopping (1), support sport activities of disabled people (e.g., cycling, football, swimming) (5), easy communication opportunities for disabled people (3)

* The numbers in the parentheses represent the number of the companies that reported the related CSR practice

Table 2. Matrix of corporate social responsibility

	<i>Environmental friendly activities</i>			<i>Employee treatment</i>		<i>Educational activities</i>					<i>Social activities</i>			<i>Healthcare activities</i>		<i>Support to disadvantaged groups</i>			
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	R	S	T
C1	X	X	X	X	X		X	X	X		X	X	X	X	X	X			
C2			X		X							X		X					
C3		X	X	X	X			X					X	X		X	X	X	
C4	X		X		X	X						X	X	X		X	X		
C5					X														
C6				X	X														
C7		X	X	X	X	X	X	X	X		X		X		X	X			
C8	X	X		X	X			X		X			X		X	X	X		
C9		X														X	X		
C10	X		X		X		X	X		X		X				X	X	X	X
C11	X	X	X				X		X		X	X							
C12	X	X	X	X	X	X		X	X		X	X		X		X	X		
C13	X		X	X	X	X	X	X	X	X	X	X				X	X	X	X
C14	X	X	X	X	X		X	X	X		X	X		X	X	X			X
C15	X	X	X	X	X	X	X	X		X	X	X		X	X	X			X
C16	X	X		X	X			X	X		X	X	X		X	X		X	
C17	X				X														
C18	X	X	X	X	X	X	X	X			X	X		X		X	X		X
C19	X	X		X	X		X		X		X	X	X	X	X				X
C20	X	X		X	X	X	X	X	X		X	X							X

A: conservation of resources, B: protection of environment, C: reforestation, D: education of employees, E: services for employees and their families, F: extras for employees, G: education facilities, tools & donations, H: community development courses, I: student grants, J: scientific activities, K: art,music & theatre, L: sports, M: preservation of culture, N: healthcare donations, O: healthcare facilities & services, P: facilities & donations for disadvantaged groups, R: social integration through education, S: social integration through employment, T: social integration through communication

Table 3. Matrix of corporate codes of conduct on global labour standards

<i>Com panies</i>	<i>Chi ld labour</i>	<i>Collective bargaining</i>	<i>Work ing hours</i>	<i>Liv ing wage</i>	<i>Discrimi nation</i>	<i>Unethic al treatment</i>	<i>Healt h and safety</i>	<i>For ced labor</i>	<i>Employees' suggestions</i>
C1	X	X	X	X	X	X	X	X	X
C2									
C3					X		X		X
C4					X	X			
C5		X			X		X		X
C6					X				
C7	X	X	X	X	X	X	X	X	X
C8		X			X	X	X	X	
C9									
C10					X	X	X		
C11					X				
C12	X	X	X	X	X	X	X	X	X
C13	X		X	X	X	X	X	X	
C14	X	X	X	X	X	X	X	X	X
C15	X	X	X	X	X	X	X	X	
C16	X	X	X		X		X	X	X
C17							X		X
C18	X	X			X		X	X	X
C19	X	X	X		X	X	X	X	X
C20	X	X			X	X	X	X	X

The governance mechanisms in higher education institutions, Abdeldjabar SELMI, Abdelhakim BEZZAOUYA

selmiabdeldjabar@yahoo.fr

bezzaouyaa@yahoo.fr

Abstract:

Nowadays, through the development and progress in the areas of human knowledge, the higher education institutions (HEIs) face many challenges relate with the progress of communication means, the growing intensity of competition, making the need for a new interaction with the knowledge to keep up with these changes. Many institutions of higher education (HE) and scientific research provide tools and methods to help them for attain its role in the society and adapt to the changing environment. Governance is one of the most important systems for achieving quality through various mechanisms that help the organisations to realise their objectives, we can say that the HEIs is a good example for the application of principles governance.

In this article, we first look at the most important concepts of HE system and its Components, focusing on quality axes in the field of education. And analyse governance standards and characteristics at both the structural and pedagogical level for the purpose to realise an efficiency of educational services, and get quality output appropriate with the needs of the labour market and the society. Finally, we discuss how HEIs applied the methodology of governance based on clear responsibilities, participation of stakeholders, transparency, autonomy, protection of academic freedom and increasing accountability.

Keywords: total quality, university governance, educational service, higher education, society.

Introduction

Education is, in fact, not only a right but also a legal obligation for certain age-groups, and there is general agreement that public authorities have a duty to provide education for all at basic level (Luc W., Sjur B 2005), given that, the Universal Declaration of Human Rights affirms the achievement of democratic and equal educational opportunities for all members of community, continuing education, where education in general and HE in particular received with great interest and instauration of its concepts, patterns and beneficiaries, the HE subject became very essential in the public policy discussions around the world.

Nowadays, through the development and progress in the areas of human knowledge, the higher education institutions (HEIs) face many challenges relate with the progress of communication means, the growing intensity of competition, making the need for a new interaction with the knowledge to keep up with these changes. The growing of demand for HE services and the increase of students from 100.8 million in 2000 to 152.5 million in 2007 (UNESCO. 2009), impose to focus on total quality management (TQM) as a first job and philosophy for organisation life, to have a competitive advantage. It is based on consumer

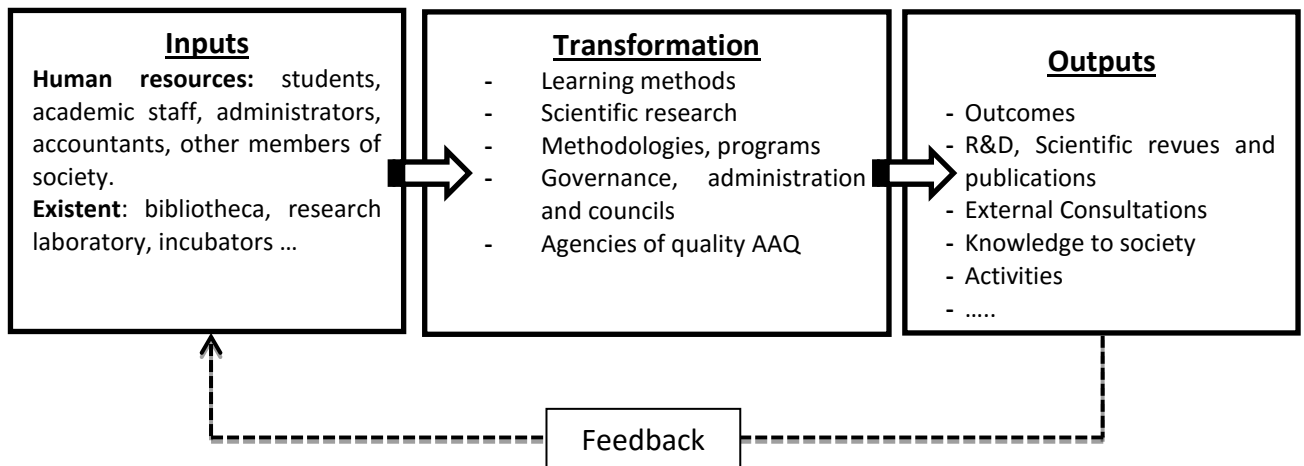
satisfaction and contribution of employees in their organisation, as well as the continuity of improvement and development. TQM of HE means developing management techniques to achieve an educational product quality, and double the benefit of society in all its institutions and individuals. A serious question is requested: How can achieve the HE quality through governance principles?

Today’s universities appear as complex organizations, particularly those that are large, multi-faculty, multi-site and multi-functional organizations, with operations across regions and continents. Moreover, institutions growth in size, functions, operations and markets. (Robin M, Helen G and Steve W 2009), saying that the governance is one of the most important system for achieving quality through various mechanisms that help the institutions to realise their objectives. We can say that the HEIs is a good example for the application of governance principles.

System of higher education

The OECD (2002, p 68) offers the following definition for HE: All universities, colleges of technology and other institutions of post-secondary education, whatever their source of finance or legal status. Therefore, HEIs would be the most comprehensive term. HE addresses teaching (education) and research (R&D), knowledge societies, knowledge economies, and knowledge democracies (David F.J.C., Elias G. C. 2013), from and for Customers which are either internal or external, depending on whether they are located within or outside the institution (Gopal K, K., ABDUL MALEK Bin A, T 2010). The satisfaction of HE consumer requires recognition of its inputs and outputs (Figure 01), and reconsideration its message, objectives and strategies to adapt with contemporary environment.

Figure 01: Components of higher educational system



HEIs are making a major contribution to research and innovation by creating new knowledge and training skilled workers through their educational mission (Fabrice H, Alexander M 2009), to different markets, at home and, in many cases, overseas: national and international student recruitment, fundamental and applied research and the delivery of trans-national education, on-campus teaching and distance learning. (Robin M, Helen G and Steve W 2009). Universities can directly look into generating new sources of revenues, enhancing

their reputation, attracting more and brighter students by providing advanced extracurricular activities and opportunities, attracting better and more productive faculty members by offering concrete opportunities to commercially leverage their intellectual achievements (Rosa, G. 2005).

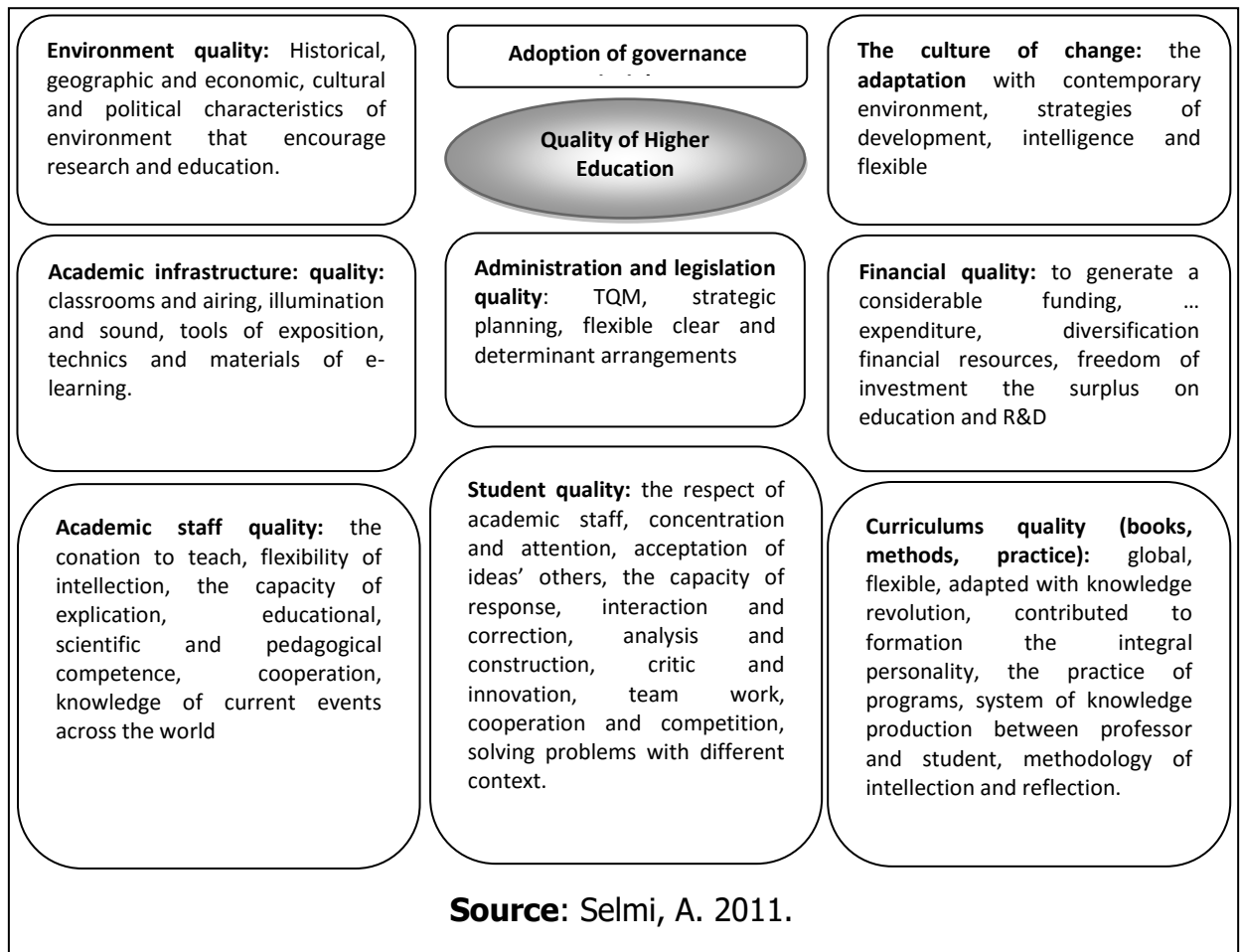
Need of quality system in higher education institutions

The Quality Assurance Agency is concerned about stakeholders' demands from the HE sector. Although, there is high regard for continuous improvement for quality enhancement in HEIs, however, any improvement from the institution should result in a favorable experience by the users of education who are the stakeholders (Gopal K, K., ABDUL MALEK BIN A, T 2010). HE has been facing dramatic changes, expansion of tertiary education systems: The number of students has skyrocketed over the past 37 years, growing five-fold from 28.6 million in 1970 (UNESCO 2009), up from 68 million in 1991, 132 million students in 2004 (OECD 2008), to 152.5 million in 2007 (UNESCO 2009), which made HEIs have been under tremendous pressures from government and the general public to restructure or reinvent the way that they are managed in order to adapt to the ever-changing socio-economic and sociopolitical environments and maintain individual nation states' global competitiveness (Ka Ho Mok 2005).

The challenge for HEIs is to continuity and adapt to the new situation through planning and execution, as it is necessary to proceed with the leadership change at two levels: strategic leadership and operational leadership, we can identify the most important themes that contribute to quality in HE (Figure 02). Access to quality requires the interaction of all these elements, with the implication of corporate governance so that the HEIs could evaluate its system, to determine strengths and develop it, to know the weaknesses and treat it with the participation of stakeholders.

Séamus McGuinness mentioned from a cohort of Northern Ireland graduates, the impact of university quality appeared to vary with degree classification and faculty, graduates gaining third class/pass degrees from more prestigious institutions were less likely to be over educated and more likely to earn higher wages than their counterparts with comparable qualifications from less well known institutions, university quality was also associated with wage gains for graduates from some faculties; in particular, Social Science and Medicine with these subject based effects being larger for graduates obtaining low pass degrees (Séamus Mc 2003). Whereas globalization and mobility of students have brought important challenges to HEIs all over the world, therefore many HEIs they s are focused on the concept of total quality to improving education outcomes, and university governance is one of the key elements that can lead to realise this object. University governance is an important driver of change: how institutions are managed is one of the most decisive factors in achieving their goals. (Adriana, J. 2012).

Figure 02: Axes of quality in higher education system



Definition of higher education governance

In the last two decades, the most countries has given importance to the governance of HEIs because of the growing number of HEIs, the diversification of their missions, student bodies and roles, and the rise of new public management principles, etc...(Karine, T., Diane, L., Deborah, R. 2012). In addition, the recent financial crises has brought new governance challenges to the HE sector (Fabrice, H., Alexander, M., 2009).

Generally, the term governance means the system or structure of rules and relationships, supervision and control of those who exercise the authority, accountability, stewardship, leadership, direction and control that aims to ensure accountability and efficient use of resources in balancing the achievement of goals of corporations, society and individuals. (Chitra, D., Anona, A. 2011).

While that governance in HE can be seen as a structure of relationships that brings about organizational coherence, authorize policies, plans and decisions, and account for their probity, responsiveness and cost-effectiveness (Ioana,. C. 2013). It consists of the structures and procedures by which colleges, universities, and HE systems are governed (Peter, L., Moran, J., Penn State, A. 2012). The concept of governance may be divided into two

categories: internal governance and external governance (Peter, L., Moran, J., Penn State, A. 2012). while internal governance refers to the institutional arrangements within universities, external governance regards these arrangements at system level by addressing issues pertaining to laws and decrees, funding and evaluation (Ioana,. C. 2013).

The OECD composed the principles of governance system in 1999, and modified it in 2004:

- Ensuring the Basis for an Effective Governance Framework: transparent and efficient markets, the rule of law and clearly articulate, the division of responsibilities, regulatory and enforcement authorities.
- The Rights of Shareholders: protect and facilitate the exercise of shareholders’ rights.
- The Equitable Treatment of all Shareholders, including minority and foreign shareholders.
- The Role of Stakeholders in Governance: co-operation between corporations and stakeholders in creating wealth, jobs...
- Disclosure and Transparency.
- The Responsibilities of the Board.

Governance characteristics in higher education

The governance system includes the following characteristics: ethics and transparency, autonomy and control, equality and participation, accountability and social responsibility (Table 01). The application of these characteristics attain many objectives: maximise profits, concurrence advantage, gain a trust, using effectively enterprise resources, ensuring quality of goods and services. These characteristics complement each other and work together, any absent of only one make a negative effect to the system of governance and can not achieve its objectives.

Table 01: governance characteristics

characteristics	Definition
Ethics	Follow the ethical behavior and proper.
Transparency	Provide a true and faithful picture of what is happening.
Autonomy	Make decision without external effects.
Control	Evaluate and assess the work of the Board of Directors.
Equality	Responsibility to all stockholders.
Participation	Participation of all stockholders in decision making.
Accountability	Respect the rights of the various stakeholders.
Social responsibility	Ethical, charitable, economic and juridical responsibility.

Source: Selmi, A., Bezzaouya, A., 2011.

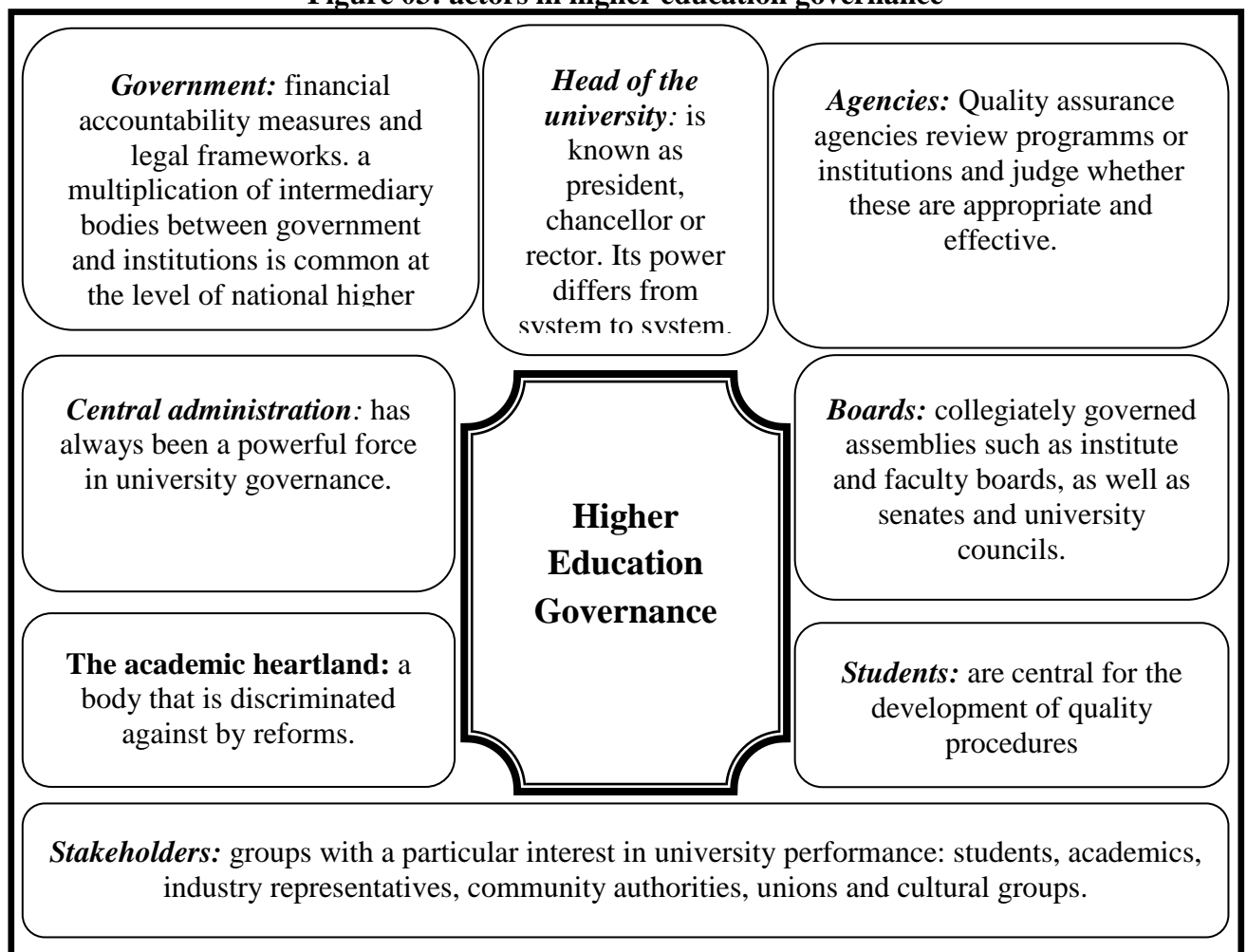
Responsible of the application of these characteristics varies from institution to another according to the: nature of the activity, objectives and compositions of organisations,

and actors participating in the governance system. In HEIs, the system of governance based on these characteristics, but with specific objectives, actors, forms, and the role of university governance is who to ensure the rights of society by getting rid of all administrative and financial corruption, address the imbalances at the level of the educational system, and to ensure efficiency and quality of educational services.

Actors in higher education governance

The number of actors participating in HE governance has multiplied in various forms (Figure 03). These actors work to achieve HE services quality, where public or private actors or stakeholders in HE system may be categorised as external or internal to institutions (Eurydice. 2008):

Figure 03: actors in higher education governance



Source: Authors conceptualisation based on: «Fabrice, H., Alexander, M. 2009. Governance and quality guidelines in HE. A Review of Governance Arrangements and Quality Assurance Guidelines. OECD.P31-34.

Major governance principles to achieve higher education quality

In the modern era the system of HE should base on the special system of governance for competitiveness and according to international standards

▪ Clear responsibilities in higher education institutions

Clear responsibilities concern governing boards because their supervisory function is often one of the weaker points in institutional governance. All the arrangements have some sort of governing board responsible for the strategy and an executive officer who manages the daily business of universities (Fabrice, H., Alexander, M. 2009).

In this context, Association of Governing Boards of Universities and Colleges examined, revised and approved these principles of board responsibility for institutional governance³⁴:

- The ultimate responsibility for governance of the institution (or system) rests in its governing board.
- The board should establish effective ways to govern while respecting the culture of decision making in the academy
- The board should approve a budget and establish guidelines for resource allocation using a process that reflects strategic priorities. Budgets are usually developed by the administration, with input from and communication with interested constituents.
- Boards should ensure open communication with campus constituencies.
- The governing board should manifest a commitment to accountability and transparency and should exemplify the behavior it expects of other participants in the governance process.
- Governing boards have the ultimate responsibility to appoint and assess the performance of the president.
- System governing boards should clarify the authority and responsibilities of the system head, campus heads, and any institutional quasi-governing or advisory boards.
- Boards of both public and independent colleges and universities should play an important role in relating their institutions to the communities they serve.

▪ Participation of stakeholders

In environments where a more ‘collegial’ approach had been used, a virtuous cycle was created, whereby there was a willingness to be open and share information, there was a greater degree of cognitive conflict, and more positive interpersonal relationships (ALLEN D.K. 2003) with large representative of all academic members of the university, the changes focused on a strengthening of the power of executive authorities within the university; and an increase in participation of representatives from outside the university (OECD, 2003). The customers of HEIs are actors that affect and exert certain demands that affect the behaviour of the education system: existing and potential students; employees; employers; government; and industry, all these internal customers are working towards external customer satisfaction (Gopal K, K., ABDUL MALEK Bin A, T 2010).

³⁴ This statement was approved on January 22, 2010

There are many objects for the participation of stakeholders in university governance like: granting these groups democratic decision-making powers, dialogue amongst professors, staff, students and administration (Fabrice, H. Alexander, M. 2009). The Council of Europe concluded that the legal provision for student participation now is largely which in general situate in the 10 - 30 % range on institutional governing bodies (Per, N., 2003). It is important that students are represented effectively within their institutions, and many students' unions have devoted significant time and energy to ensuring that the student 'voice' is heard loudly on campus. Moreover, the increasing importance of permanent members of staff can be seen as part of an attempt, on the part of unions, to develop longer term strategies for achieving change (Rachel, B, Kate, B., Katherine S 2014).

- **Transparency:**

Transparency is one of the most important characteristics of HE governance. Stakeholders must have sufficient information and insist on transparent procedures. The United States oblige HEIs to provide transparent information to the public. The Danish and Dutch texts propose that information on meetings and decisions, as well as the interests of the governing board members, be published on the website. In the UK, this information should at least be available for staff and students. The Danish arrangements even suggest camera recordings of board meetings (Fabrice, H., Alexander, M., 2009). In Greece, the 'law-framework' of 2007 has been developed for describing the operation of HEIs, the procedures associated with universities' obligation to maintain a level of transparency and publicity of their activities (Eurydice, 2008).

- **Autonomy and protection of academic freedom**

Autonomy develops within the power of the university or college in its corporate form to determine its own goals and programmes, and why to pursue its (ESMU. 2009). Institutional autonomy is distinguished into two types: substantive autonomy and procedural autonomy (Raza, R .2010). The first one mean the authority of HEIs to determine academic and research policy: deciding on research areas, awarding degrees, curriculum design, student selection and programme offerings (ESMU. 2009). The second one refers to the authority of institutions in non-academic areas: budgeting, financial management, or non-academic staff (Paulo, S., and all. 2008). For example, in France the Managing council of school manages funds allocated by the government (type 01), the school can determine contents, methods, and manners of evaluation, the university president is elected by all councils and by all research and teaching units (type 2), (Nitza, D., Yaakov, I. 2015).

The autonomy encourages HEIs to have the freedom to make choices (Raza, R .2010). The UNESCO recommendation concerning the Status of HE Teaching Personnel, made in Paris on 11 November 1997 talk about these freedom (Michael, R. 2014), and identified academic freedom[•] in the following points: to hold and express opinion question, test

[•]This principle is currently protected and defined in section 26 of the Further and Higher Education (Scotland) Act 2005, which provides that universities 'must have regard to the desirability of ensuring the academic freedom.

established ideas, received wisdom, and present controversial or unpopular points of view (Ferdinand, P. 2012).

There is a strong relation between autonomy and performance, for example in UK HEIs experience, autonomy has been essential to ensure that education institutions meet the market needs of students, protect the freedom to innovate, and can provide necessary assurances through effective governance (Report of the Universities UK Regulation Task and Finish Group.2015).

The autonomy does not mean only the independence of institutions in decision-making, but it also means the Independence of accountability by the internal and external governance mechanisms. The governance structure must include an active governing body with sufficient autonomy to assure institutional integrity and to fulfill its responsibilities (Middle States Commission on HE. 2002). For example university governing boards in Denmark, India, Japan, Malaysia, Singapore, South Africa, Sri Lanka, Tanzania, and the United Kingdom are required to have half or more of members external to the institution (William, S. 2009).

- **Increasing accountability**

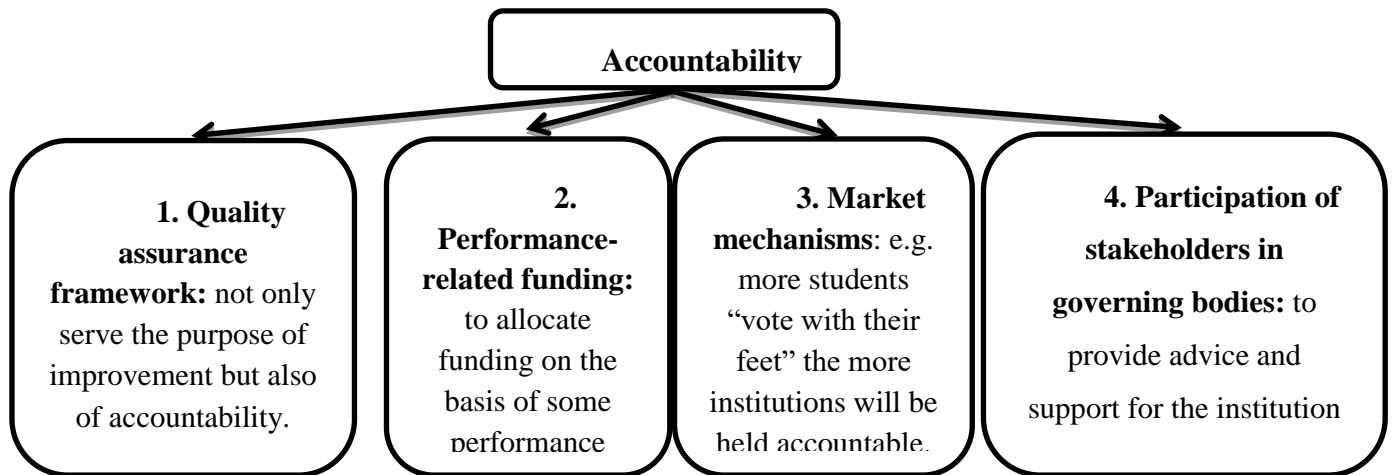
There is a public interest through the application of accountability in HEIs, such as the guaranteeing academic quality and standards, ensuring equitable student admission procedures and accessibility for students from poorer families, and ensuring an appropriate use of public funds (Fabrice, H., Alexander, M. 2009). On the other hand the purposes of accountability programs for HE have shifted over time from system efficiency, to educational quality, to organizational productivity, and to external responsiveness to public priorities or market demands (Joseph, C. 2005).

Accountability mechanisms in HEIs can be divided into four types:

- **Oversight:** control through laws, regulations and other from above (Christopher, H and all. 2004).
- **Mutuality:** control of individuals by formal or informal group processes (Ivar and all. 2003) like the collegiate body that we find governing bodies dominated by professors, hiring committees, peer review bodies, research funding councils,.. (Christopher, H and all. 2004).
- **Competition:** control of bureaucracies by processes of rivalry (Ivar and all. 2003) such as competition for research funds or academic positions (Christopher, H and all. 2004)
- **Contrived randomness:** control of public sector units by making their lives unpredictable in some way (Ivar and all. 2003), like random inspections or audits, selection of office holder by lot or other random selection processes (Christopher, H and all. 2004). The UK stood out where random control ('contrived randomness') plays a certain role (Ivar, B., Maurice, K. 2011).

Accountability can be ensured through various means (figure:04): including quality assurance frameworks, performance-related funding, market mechanisms and participation of external Stakeholders in governing bodies (Fabrice, H., Alexander, M., 2009).

Figure 03: Accountability means in HGIs



Source: Authors conceptualisation based on «Paulo, S., Karine, T., Ester, B., Elena, A. 2008. Tertiary Education for the Knowledge Society: special features: governance, funding, quality, vol 1, OECD publishing, France, ISBN 978-92-64-04652-8. p89».

These means provide to stakeholders with accurate, consistent information of HE progress (David, L. 2006), including details that support policy development, and illustrate performance level and efficiency of institutions.

Conclusion

The evolution of communication means and increase the demand of society for education, impose on HEIs in the world to face this change for ensuring education of all community members with educational services quality, for that reason, they focused on the insertion of governance principles by ensuring more autonomy and transparency in universities and colleges, diversification of funding sources such as partnerships and commercialisation of university services as well as the role of private funding, involve all stakeholders in decision-making, use means of accountability and control to evaluate performance, modify plans and strategies as required it.

In addition, the HEIs and its stakeholders need to strengthen their partnership to ensure communication, transparency, and clarity regarding issues, priorities, performance, and expectations, whereas the coherence and consistency in applying the governance mechanisms allows for that, and lead to improving the results intended.

The application of governance mechanisms in HEIs not based only on the creation of councils, committees and programs, as far as depends on the provision of a suitable ground for working, and follow-up implementation and evaluation to ensure that the educational service provided at their highest levels of quality. HEIs must find ways and means to make these mechanisms work systematically and continuously, by teamwork, based on experience and competence, responsibility and integrity, efficiency and ethics.

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Corporate Governance in Small Medium Enterprises in Spain (SMEs): an analysis of gender diversity, Luisa ESTEBAN-SALVADOR, Ana GARGALLO-CASTEL, Javier PÉREZ-SANZ

ESTEBAN-SALVADOR, Luisa
Department of Accounting and Finance
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: luisaes@unizar.es

GARGALLO-CASTEL, Ana
Department of Business Administration
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: gargallo@unizar.es

PÉREZ-SANZ, Javier
Department of Business Administration
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: fjperez@unizar.es

Abstract

The article analyses the association between board of directors' composition and performance in Small and Medium Enterprises in Spain. In the study, various variables related to corporate governance will be analyzed, such as the size of the boards and the gender diversity. Features relating to corporate governance of the companies that have survived the economic crisis will also be discussed given the scant empirical evidence on these businesses. The main research question to be analysed is to examine how the crisis has affected to the involvement of female directors on corporate governance and its impact on profitability. Other characteristics of the companies will be analyzed as the type of enterprise according to their legal form or the size measured by the number of employees or other variables of corporate governance to the extent that data allow it. The study will focus on a representative sample of Spanish companies in the province of Teruel. This research will provide evidence of a sector understudied as is the corporate governance on Small and Medium Enterprises and gender diversity.

Keywords: Corporate Governance, gender diversity, Spain, crisis, SMEs.

Csr and Innovation: a Theoretical Review, Ana Gargallo-Castel, Luisa Esteban-Salvador, Javier Pérez-Sanz

GARGALLO-CASTEL, Ana
Department of Business Administration
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: gargallo@unizar.es

ESTEBAN-SALVADOR, Luisa
Department of Accounting and Finance
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: luisaes@unizar.es

PÉREZ-SANZ, Javier
Department of Business Administration
University of Zaragoza, C/ Ciudad Escolar, s/n
44003 TERUEL, SPAIN
Email: fjperez@unizar.es

Abstract

In recent years there has been growing interest in the Corporate Social Responsibility (CSR), both academically and professionally. Likewise, institutional interest in this issue has grown and it is currently embodied in the New Spanish Social Corporate Responsibility Strategy 2014-2020. Moreover, mainly institutional pressures and concern for corporate reputation have helped to promote the implementation of CSR strategies in organizations. At the same time, innovation has demonstrated to be a mainstay of developed economies and competitiveness of companies, which has also generated a large literature on the subject. Recently, some studies link the two variables, although this relationship has been poorly studied. In this paper a review of the literature on the subject is done, and arguments for the positive relation between the two variables are offered. The CSR promotes the comprehensive improvement of the management excellence accompanied by a richer communication with all the stakeholders of the organization and with the society as a whole. Thus, suppliers, clients, competitors, shareholders, employees, etc. become a source of useful information to discover new ways of work and the expectations and needs of the market. That is why the CSR may have a clear relationship with the development of successful innovations.

Keywords: Corporate Social Responsibility, Innovation, Firms, SMEs.

Corporate Social Responsibility (CSR) and Public Relations (PR), Khosro Jahdi

Abstract

Corporate Social Responsibility (CSR) has been growing in popularity and importance over the last decade or so. The speed of that expansion appears to be gaining further momentum, which to CSR devotees is extremely good news. However, any organisation's CSR strategies have to be communicated to stakeholders as well as wider audiences. Due to the existence of blatant advertising of company CSR policies and the increasing cynicism amongst recipients of such messages, many organisations look to alternative communication vehicles. Notable amongst these are Public Relations (PR) and Cause Related Marketing (CaRM) to name a few. This article focuses on the former in an attempt to investigate the effectiveness of this mode of communication and assess its impact on a sceptical audience who is almost constantly showered with similar messages

Keywords: CSR, PR, marketing communications, stakeholders

Social Productivity of Public Services and Main Actors; the Important Responsibility for Public Sector, Tayebeh Abbasi & Akbar Hassanpoor

Tayebeh Abbasi; Assistant Prof., Faculty of management, Tehran University, Tehran, Iran

Akbar Hassanpoor; Assistant Prof., Faculty of management, Kharazmi University, Tehran,

Iran

Abstract

Productivity and how to improve Productivity in public sector have always been considered the important issue. However, nowadays another dimension of the public sector productivity has been raised that address a different approach at productivity in this sector; Social productivity. This concept imply to the extent to public services empower citizens and help them to create social values; the extent to public services support citizens to achieve goals they desire and can have comfortable life. In this approach, only the extent of services are not important, instead, the relationship between services and services users is significant issue. The purpose of this paper is study of the concept of social productivity and its requirements in Iran's public sector. This research is descriptive research and based on previous researches and experiences of authors in Iran public sector. The research suggest that policy innovations and change, changing public sector approach to how delivering public services, employee empowerment, empowering citizens, and empowering communities and providing an appropriate context for all society sectors to deliver services are the important requirements to enhance social productivity.

Keywords: Public Services, Public Sector, Social Productivity

Introduction

Unlike past decades, nowadays services sector make up majority of economic activities in the developed countries. In more countries, people who work in services sector are more than other sectors. For example, Contribution of employment in Iran's services sector is around 47.5 percent. However, this sector faces several challenges to deliver services, such as advancing productivity growth, employment and welfare required strengthening of performance in services sector (Windrum, 2008, p.6). On the other hands, along with other sectors of society such as private sector (perhaps more important), Public sector is significant

actor to deliver types of services. Public sector comprises a system of public institutions and organizations that affect people's everyday life in a myriad of ways. These institutions include the political and public institutions and structures that develop and implement public policies and laws to solve public problems and issues or to promote status quae.

They provide basic social and public services are essential for citizens (Involving social welfare services, access to qualified education, access to safe water, environment protection, efficient and inclusive healthcare and provide an appropriate framework for private sector development). On this basis, public sector services can account for a significant actor in economic activities in most developed countries, the public sector accounts for around 20 percent of employment and around 15 percent of national GNP.

For these reasons, public sector productivity is critical to broader economic outcomes in most countries; this is also true about Iran. More ever, public sector services have several functions in society. The important of them are:

1. Providing services which individuals cannot only access to them and the free market mechanism don't provides these services or unable to do this. But, these services are essential for society; e.g. high quality education, police, fire protection;
2. Providing services which give to individuals an equal opportunity to compete and develop in society;
3. Providing services which let people will receive the benefits and rights they are entitled to under law; e. g, Public defender services;
4. Providing services which insure individuals to meet approximately survival needs; e. g need for food, public housing (Chitwood, 1974).

In despite of the significant of public sector, because of multifaceted and complex nature, this sector confronts the major challenges to deliver public services and have to respond to these challenges; in one hand, resources in public sector are severally constrained; in the other hand, demands for public services are increasing. Such conditions limit the capabilities of public sector. However, the task of the public sector is providing selected set of services within the constraints of budget and other resources. Such conditions has made important consideration to all of productivity dimensions in public sector. (Jaaskalainen and Iannqvist, 2001).

According to Thornhill's research in 2004, the main reasons to significance of public sector productivity are: first, the public sector is a major employer; second, the public sector is major provider of services in the most countries, particularly business services and social services. Third, the public sector is a consumer of tax resources (In the some countries, such as Iran, these resources are oil and other natural resources) (Thornhill, 2006). So, any changes or decisions related to productivity in this sector can have significant economic implications. For example, changing demographics of population increases demands for some public services and so, it can impose great pressure on this sector. For example, at recently decade such changes have increased demand for higher education, in Iran which often are delivered by public sector. For these reasons, productivity and how to improve and evaluate productivity have been always considered. In the literature, many studies have been done in related different dimensions of productivity (efficiency, effectiveness, services quality ...). Recently, another dimension about productivity has been addressed that has the more comprehensive perspective to interactions among anchors of society engaged in delivering public services (Burgess and Heap, 2012; 2020 Public Services Hub at the RSA, 2011; Kocer,

2013). In this perspective, characteristics of public services are engagement, co-production and social responsibility. At root, it is the idea that public services should be judged by the extent to which they help citizens, families and communities to meet basic needs (e.g. for housing, health, education and employment), grapple with the problems they face, support the lives they choose, and achieve the social outcomes they desire. On this base, socially productive public services should: help to create social value for citizens and communities; enhance citizen autonomy, capability and resilience; develop citizen resource; support existing social networks and build collective capacity. The realization of this idea needs to some circumstances; the purpose of this study is to answer the question that what circumstance are necessary to achieve social productivity goals; despite their importance, they are often ignored in the public sector. These requirements have been offered based on lived experiences and researches of authors in public sector (Abbasi, et al, publishing³⁵;Abbasi, et al, 2015³⁶).

Literature review

In general, productivity is defined as a measure of the amount of output generated per unit of input. In many countries, this concept has been addressed first in production and industry sector. The concept of services productivity has been introduced to highlight specific

³⁵ . A research as “the functions of communities and challenges of participation of communities in delivering public services” has been done; the finding of this research pointed out that the lack of trust between public sector and communities, lacking the appropriate context for communities activities, the low consideration to empower communities, type of culture for supporting role of communities in societies and finally the approach of government to planning and policy making.

³⁶ - This research (explaining of relationship between human resources empowerment and innovation in public sector services) has studied the effect of public services innovation on people empowerment in Iranian public organizations. The methodology of this research is quantitative method. The statistical population is employee of public organizations in Tehran Province. We used the questionnaire in order to collecting data. The results of research indicated that employee empowerment has the significant positive correlation with public services innovation.

characteristics of services (Jaaskalainen and Iannqvist, 2011). Many models in related to service productivity can be found in the productivity literature (Gronroos, Ojasalo, 2004; Parasuraman, 2002). For example, in a research, productivity is defined as a function of several factors; internal efficiency (e.g. service provider's productivity), external efficiency (e.g. productivity from customer's perspective) and capacity efficiency (e.g. utilization of service capacity) (Gronroos and Ojasalo, 2004).

In the other hands, the productivity in public sector has been assumed to be Zero in the national accounts (Linna and et. al, 2010). According Boyle (2006), the output of the governmental sector has been measured as equal in output value to total value of input (Linna and et. al, 2010). This output = input convention has increasingly come under careful examination in recent years. The challenge is to devise alternative estimates based on output measurement in a public sector context- Where collective services are provided and where there is no market transaction to provided services (Boyle, 2006). However, there is no single approach to consider and evaluate productivity in the public sector and so, one can't prioritize one or the others.

But, in the literature review, there are criteria through which to drive productivity in public sector (Gronroos and Ojasalo, 2004; Sahay, 2005). In the more cases, governments use efficiency to increase productivity and reduce cost. For governments, the most direct way to control costs is efficiency. When efficiency is measured, productivity measures standards to assess actual performance and take corresponding actions (Chiwood, 1974). Other measurement in public sector is effectiveness and quality. As measures of effectiveness, productivity measures results of output achieved versus objectives stated. The result of this

measurement, may lead to changes in objectives, alteration in program activities, or shift in expectations of achievable results. In the other hands, managers naturally want to ensure about quality of services which are delivered to citizens (Chitwood, 1974). But, governments should consider to other factors (partnership resources center, 2006). For example, Chitwood(1974) offered one important dimension of public services is the distribution of services among the population and other social equity associated with that distribution. The purpose of this research is reflecting not only others significant dimensions of productivity in public sector, but also tries to address the different approach at this sector. This approach is explainable by the concept of social productivity. This image of productivity is important because it does not account for a passive role to any part of society and the realization of its goals is depend on participation of all sectors.

The concept of Social productivity

With regard to social feature of productivity, Siegrist. et al (2004), defined productivity activity as any agreed upon continued activity that generates goods or services that are socially or economically valued by the recipients, whether or not based upon a formal contract (Siegrist, et al, 2004). Some activities considering social productivity are voluntary work, informal help and care for a person (Wahrerdorf, et al. 2008); activities which help to comfort and facilitate lives of people. Their research findings indicated that the benefits of social activities may not only depend on the type of activity but also on socio- demographic characteristics of providers.

Also, in the world productivity congress in south Africa in 2008, the world confederation of productivity science (WCPS) addressed there dimensions about productivity, concept of social, Economic and Productivity (SEE). The confederation offered that

organizations to be sustainable in the long – term, need to improve all of dimensions. According with this idea, attributes of these dimensions are equitable, bearable and viable (Figure 1).

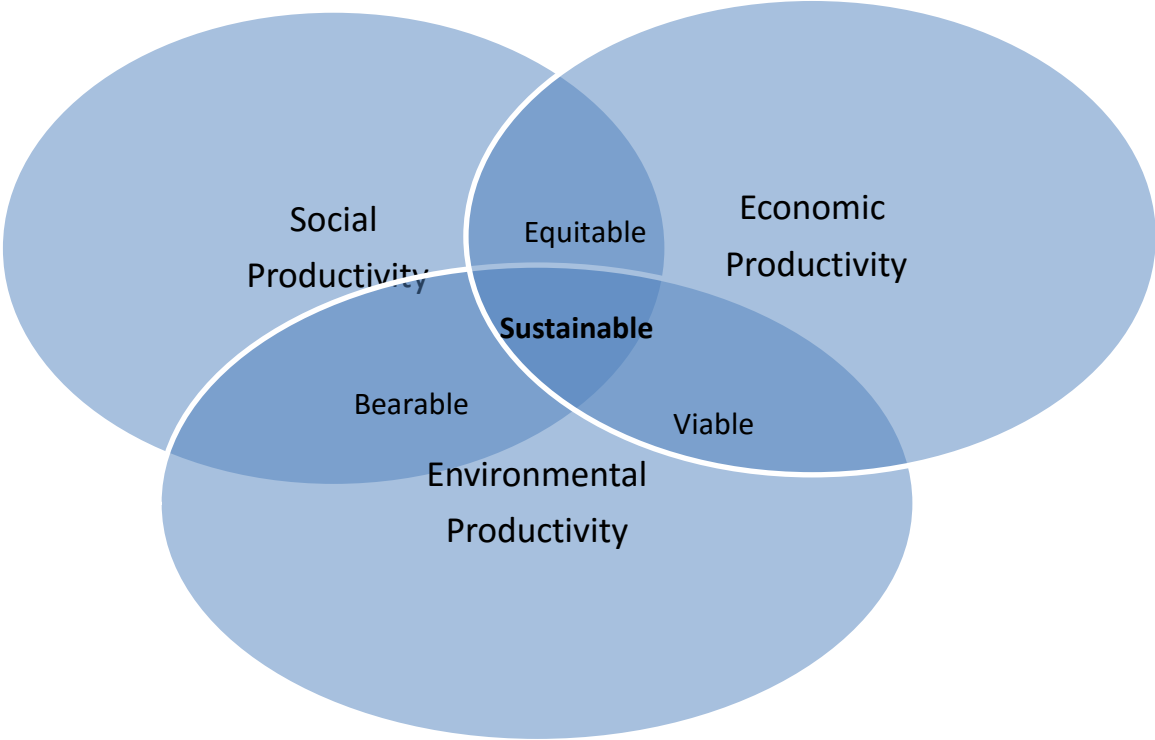


Figure 1: Adopted from Burgess and Heap, 2012

About these concepts, Heap (2010) in her paper at the world productivity congress in turkey in 2010, proposed a model for SEE index reflecting progress towards sustainability. Also, the commission on 2020 public services has developed the idea that public services should explicitly be judged by the extent to which they help citizens, families and communities to achieve the social outcomes they desire (2020 Public Services Hub at the RSA, 2011). This means focusing less on the particular services that are being- or have always been delivered, and more on how the confluence of citizen, agency, civil society and

the state can collaboratively create the right conditions to improve social outcomes. In this framework, the concept of social productivity represent a long- term culture change in public services- move from a top – down culture to a culture that social value is co- created between the services and user. In this approach, public services are characterized by engagement, co- production and civil responsibility. The purpose is creating sustainable system to domfort people’s lives (Buddery, et al, 2011). On this base, The concept of social productivity is based on insights into value creation in public services - how public value can be created through effective governance ; value in public services can’t simply be delivered, but is “Co- created” between the service and that’s users (Bason, 2010). So, social productivity founded on the principle of social citizenship. Social citizenship is about agency responsibility and reciprocity with social value in public services being jointly created by citizens, public services, government and other partners and stakeholders.

The main implication of the social productivity approach is the changing relationships between state, market, citizens and society. In such approach the different circumstances need for the different and appropriate mix of state, citizen and civil society activity. In some cases, this is a product of path dependency a legacy of trust between citizens and their government; or an acceptance that citizen collaboration can be done through (not in spite of) public or collective organizations. In the other cases, the role of the state and public services have being built on civic association. This approach proposes active engagement with citizens to understand their needs and generate improve social outcomes together. On this base, rather than viewing the state and market in society in opposition to each other, we must use the capacity and capabilities of both sectors in parallel; Such idea can help to strengthen the contribution of them (Kippin and lucas, 2011).

In this framework, public services must broaden people's resources sources, the major contribution of increasing such resources is reducing citizen's unnecessary dependency on the public sector. (2020 Public Services Hub at the RSA, 2011). Such approach is appropriate and essential to the idea of big or good society. Although this society also needs to deliver great public services (Bach, 2011). According with Back (2011), an important component of the big society is importance of "Co-production and personalization" with users taking a more prominent role in service delivery; this idea focuses on the citizen's role in reshaping public services. In this approach, in processes of co- creation of public value, organizations and institutions (such as hospitals and schools or universities) are not real producer the best services, but this is users (patients and students and partners) that must play their roles in this process.

In the final report of the commission on 2020 public services, three profound and great shifts are essential in public services to achieve social productivity goals.

Shift in culture (From social security to social productivity):

To achieve social productivity, it is important that several actors contribute in society and all of them play their role in delivering sustainable services: so, the state as well as market or society, unable to achieve this goal only. On this base, to succeed and creating better outcomes, public services must engage and take partnership citizens, families, communities, enterprises and wider society.

Shift in power (From the center to citizens):

Goals of social productivity need to invert the structure of power. So that, bottom- up perspective in delivering public services begin with citizens (bottom- up perspective). This

perspective enables citizens to control their own lives, and encourage social responsibility. This enhances capabilities of citizens to monitor and control allocation of resources and costs which are sent.

A shift in finance (reconnecting it with the purpose of public services):

To achieve social productivity approach, public services must have essential characteristics such as openness, transparency and accountability. The way to finance public services must reflect the following purposes:

- Citizen should receive annual up to date statement reform social account of contributions that they have and benefits received.
- We should develop models to explain where services generate public interest and higher education, long term care and safe water etc.
- Payment by results should become the norm to deliver services.
- New financial instrument must be proposed. They provide multiple sources of money and increase efficiency and effectiveness.

According to this report, although shifts in these dimensions (Culture, power and finance) are distinct, but mutually reinforcing. They develop a framework to reform and introduce tools to evaluate outcome they are intended to achieve.

The requirements of social productivity

Regard with the nature and significance of social productivity, achievement of goals need to change in some areas that they are viewed typically requirements of social productivity (figure, 2). As mentioned these requirements have been offered based on lived experiences and researches of authors in public sector.

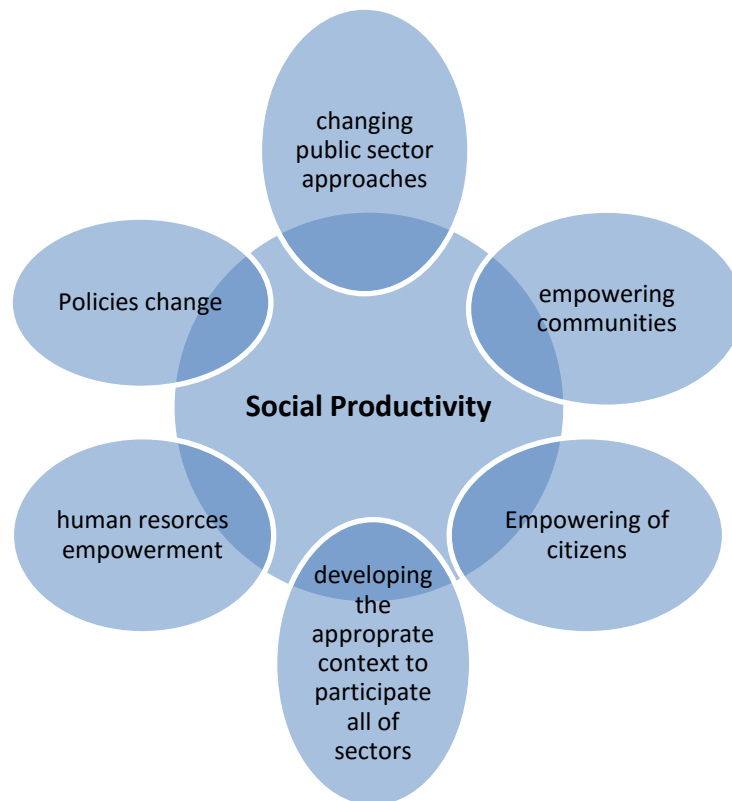


Figure 2: the requirements of social productivity

First, Policies change and changing public sector approaches to services delivered and how delivering public services are significant requirement; in more developing countries, dominant approach in the public sector enable to provide appropriate context to achieve of social productivity and it is essential that the state help to provide such context.

Second, the relationship between public sector and other sectors or anchors of society (such as citizens, communities) need to review. Social productivity requires a partnership between citizens and government. So, public policies and government programs should strengthen such partnership. On this base, public organizations need to actively start and sustain long term relationship with citizens. For this reason, the public sector need to and should establish the infrastructure to facilitate this relationship trust in such relationship is

very important subject. Although participation of citizens in objectives setting and priorities is important, the relationship between citizens and government should base on trust. In this relationship, different sectors learn much from each other. The public sector can benefit greatly from experiences in society (from citizens and communities).

Third, the other point should be considered is empowering human resources of public organizations. The public organization performance mainly relies on human capital. So, human resources management is a key filter in improving performance in all dimensions.

The forth important factor is empowerment of communities and provide appropriate to context to activities of them. As Bekkers, et al, 2013 pointed out, communities need to have more power and people must be encouraged to play an active role in these communities in order to set up co – operation, charities and other social enterprises that deal with the needs citizens encounter (Bekkers, et al, 2013).The fifth factor is empowerment of citizens. Citizens are direct and indirect consumers of public services have interest for them at various point in their lives. They expect a high quality of services and government should support them by creating platforms of services that they desire and need.

Empowerment of citizens means extending choice and complementing choice with more direct forms of individual control or providing for people to do. In confirm this idea, in report of institute for innovation, 2012 has been pointed out that the empowerment actions related to citizen are a key aspect for ensuring extent the most value- driven and acceptable solutions. Such approach has led to the exploration of how the public sector may work with citizens as value creators as active agents to produce public results of high quality and high value.

About this idea, the Canadian government in 2000, published a paper in which public involvement is identified in terms of five possible levels:

1. Level one is informing or educating the public;
2. Level two is gathering information or views from the public;
3. Level three is discussing with or involving the public;
4. Level four is engaging;
5. Level five is patterning with the public.

According with this paper, level five includes empowerment of citizens and groups to manage the innovation process and the government being ready to assume the role of enabler and an agreement to diffuse the solutions. At this level, policies and programs are developed in partnership.

These requirements are significant and essential to achieve goals of social productivity. Experience in parts of public services show that consideration to these elements (changing policies and approach of public sector, empowering employee, citizens and communities) could help to provide appropriate context for delivery services that have socially benefits. For example, activities which under supervision and monitoring of House of Neighborhood of are performed in municipal of some provinces, such as Tehran, are good case about services that have social benefits for citizens and society. These services are delivered in different areas such as culture, education, health, household management, mental health, social supporting services, reduce addiction.... To deliver these services citizens and communities and NGO

participate actively. They do this in parks and cultural centers and other places where are provided by Tehran municipal.

Discussion

The purpose of this paper is study of the concept of social productivity and its requirements in public sector as one important actor in delivering services in societies; Policy innovations and changing policies, employee empowerment, empowering citizens, and empowering communities and providing an appropriate context for all society sectors to deliver services are the important requirements to enhance social productivity. Basically, this concept implies that providing services to be have socially benefits depend on relationship between all of society's sectors (involving public sector, citizens, communities, private sector, and etc). Product of this relationship is Social value co-created between the services and user (citizens). At this approach, interaction between citizens and public organizations should change to achieve this interaction. Kind of reciprocity that typically all anchors of society are responsible and have a duty to contribute; the duty of citizens is participation and monitoring accountability of public organizations. Duties of public sector are: help to citizens to achieve outcome they desire and need, provide essential support for citizens, promote capability, power and knowledge of citizens, help to citizens to create and develop social values and provide appropriate context to enhance communities, and finally help to mobiles citizens When state needs. Such approach contribute to develop resources sources. These resources are the "Real sustainable wealth of nations" which David Halpern has called "hidden wealth of nations".

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Ethical Codes and Sustainability in Turkey, Aydem Çiftçiođlu
Uludađ University
Business Administration Dept.
aydemaydemir@uludag.edu.tr

The aim of this study is investigating the scope and content of Turkish firms' code of conducts. Nowadays, the main problem of organizations is, reaching sustainable performance in the market, along with environmental, social and issues related to governance aiming to gain the approval of the society. Thus, several firms announced some sort of reports which are consisting their knowledge, practice and awareness of these issues. Hence in Turkey, Borsa Istanbul has signed a cooperation agreement with Ethical Investment Research Services Limited (EIRIS) to create BIST Sustainability Index. BIST Sustainability Index has been finalized and announced on the 4th November 2014 with the code XUSRD and included only fifteen firms. Indexed companies evaluated by EIRIS according to the criteria of firm policy and activities in areas of environment, biodiversity, climate change, structure of management, countering bribery, human rights, supply chain, health and safety to create an instrument which allows investors to select and invest in companies adapting principles of sustainability, corporate governance and risk management.

On the other hand, code of conduct was defined as a set of rules outlining the social norms and rules and responsibilities of organizations. Ethic codes identify moral perspective of the firms and give directions or behavioral frameworks to its members what is right for organizations and society or welfare of stakeholders where its members faced with gray areas while they are taking their decisions and actions. Berenbeim (2000) mentioned that corporate code of ethics, need for core principles for markets, codes are the part of governance for ethical literacy. As also ethical codes assumed as development prospect in emerging economies for establishing universal standards (The Global Business Responsibility Resource

Centre, 2001). Individuals behaviors' or perception of ethical standards and subsequent conduct is influenced by institutional factors (e.g., ethics legislation), personal factors (e.g., moral development), and organizational factors (e.g., code of ethics) (Stajkovic & Luthans, 1997, p. 32). In this scope organization's ethical codes shapes it's members attitudes, behaviors among stakeholders interactions and for this study code of conducts assumed as the main issues for sustainable commerce environment and conditions. Based on these assumptions, the aim of this study is to investigate Turkish BIST Sustainability indexed firms' ethical codes content and display Turkish firms' parameters for business ethics.

In this framework this study investigates code of ethics according to a scheme derived from Wood (2000) and Singh (2006) techniques. In this study firms code of conducts are analyzed based on three main sections. In the first step, the main titles of code of conducts (conflict of interest, insider trading information, divulging trade secret, bribes or payments to government, etc) are analyzed. In the second stage, types of compliance or enforcement procedures of the firm are checked and in the last section, the firm's procedures and penalties for breaching codes are investigated.

The Effect of Organizational Supports on Job Performance in Construction Projects, Raheleh Cheragh Alizadeh & Romina Cheraghalizadeh

Raheleh Cheragh Alizadeh
Department of civil engineering,
Eastern Mediterranean University,
Famagusta, Cyprus
Rahele_c@yahoo.com

Romina Cheraghalizadeh
Department of business administration
Eastern Mediterranean University,
Famagusta, Cyprus
r.cheraghalizadeh@yahoo.com

Abstract

Purpose. The main aim of this study is considering on the effect organizational support as antecedent of job performance. Furthermore, this study focused on the effect of intrinsic and extrinsic motivation as mediators in the relationship between organizational support and job performance.

Methodology. This study conducted in Iran. Data were collected from full-time employees of construction projects by using questionnaire in two times with the time lag of three weeks. Seven project managers assisted in data collection procedure and 216 responses were usable. Questionnaire subjected to back-translation process and 21 employees targeted for pre-study. Cronbach' alpha and exploratory factor analysis confirmed the existence of reliability and validity of questionnaire. Correlation analysis tested the direct relationships between variables and regression analysis assessed the mediation effect. The method of Baron and Kenny (1986) considered for mediation analysis.

Results. Findings of this study indicated the significant positive association between all variables in this study. Organizational support has significant positive effect on intrinsic motivation, extrinsic motivation and job performance. Also there are significant positive relationships between both intrinsic and extrinsic motivation and job performance. Furthermore, this study showed intrinsic and extrinsic motivation partially mediate the relationship between organizational supports and job performance.

The theoretical contribution. There are several studies that focused on the effects of work environment on job outcomes; but such studies in field of construction projects are rare. Also there are limited studies which focused on the importance of human resource management on the success of these projects; therefore to fill the gap, this study considered on the effect of organizational support on intrinsic motivation, extrinsic motivation and job performance.

Practical implications. It is necessary that managers pay consideration to employees' needs- monetary and nonmonetary- at the real time to enhance their job performance. For this reason managers must focus on claims arising from the deferred salary and also offering promotion to employees. Also managers should plan to minimize delayed payments. Creating an environment which employees achieve career promotion can be helpful to enhancing job performance.

Keywords: Organizational Supports, Intrinsic Motivation, Extrinsic Motivation, Job Performance.

Introduction

One of the most important responsibilities of managers is recognition and implementation of the attributes which related to the work environment to assist organizational survival and prosperity. Survival of organizations depends on employees' behavior, effort and performance, and in turn employees' behavior is related to the job conditions in the organization (Porter et al., 1974). Therefore, it is necessary that managers pay consideration on work environment; and through this way enhance employees' creativity, motivation and performance (Amabile and Conti, 1999). For this purpose, empirical researches indicated that organizational performance is more affected by environmental climate rather than physical work environment. For instance, past researches have considered on a positive association among the work environment quality and creativity in general in campus-based departments (Stokols et al., 2002) and specifically in civil engineering departments (Schepers and Van den Berg, 2007). Scholars paid attention to employees' motivation as stimuli about job performance and also how level of perceived organizational supports effect employees' feelings about the organization (Chiang and Hsieh, 2012).

According to the literatures, it seems that employees show better performance in the situations which have good climate (eg. Castro and Martins, 2010). There are several studies which considered on work environments on job outcomes (eg. Yeh, 2009); but most of them are in service providing industries. Despite the importance of construction projects, there are limited studies which focused on the importance of human resource management on the success of these projects. Therefore, there is a need to consider on this aspect in construction projects.

Since work environment is very important in performance of employees at work and considering on the high level of spending time among construction project employees at work, this study aimed to consider on the effect of organizational supports on job performance. Also this study focused on the effect of intrinsic and extrinsic motivation as mediators in the association.

Literature Review

According to Tsaia, (2015) organizational support is the antecedent of employees positive feeling at work. It makes them to feel confident and try to finish their tasks by themselves. Perceived organizational support enhances positive employees' perception about their tasks and may further effects on organizational performance and survival. Cameron and Quinn

(1999) indicated that collaboration needs common purposes, social relationships, and common gains. Empirical research demonstrated that enhancing relationship among members, knowledge sharing, and collaboration between them increases employees' satisfaction and through this way enhances their performance (Doolen et al., 2003). Cooperative culture is a principle about organizational support and has positive relationship to a graceful work environment.

Study of Chow et al. (2010) has focused on the importance of managerial patronage on employee perceptions and behavior. Organizational structure, financial and non-financial supports and tasks are all related to satisfaction of employees and their performance (Amabile et al., 1996). Also according to Warner et al. (2011), extrinsic motivation can be referred as a tactile prize, monetary reward or social identification. While according to Finkelstein (2009) intrinsic motivation connects to dealing with activities for joy, consent and satisfaction. It refers to involving with the hedonistic aspects of activity, pleasure, expanding interests, meeting curiosity and satisfying expectations (Freedman and Phillips, 1985). Study of Wayne et al. (1997) considered on employees behavior and attitudes at work and indicated that growing trust is outcome of feeling important among employees at work. When employees feel that organization considers on their values and protect their needs, they tend to attempt in the same way of organization goals (Piercy et al., 2006) in social exchange (Chiang and Hsieh, 2012). Employees with perceived organizational supports help other employees, they have higher job satisfaction and commitment, and they show higher performance (Aselage and Eisenberger, 2003).

According to Schepers and Van den Berg (2007), work environment includes set of information sharing, organizational support, procedural justice, employees motivation and feelings caused by rewarding and punishing employees. Study of Chen and Kao (2014) mentioned that supervisor supports and team environment are important resources in level of social and interpersonal relations and they have positive effects on job outcomes. Furthermore, study of Penny et al. (2011) indicated that personality dimensions have effect on performance and also social relationships among employees may influence on this effects.

Also study of Tabassi and Abu Bakar (2009) demonstrated that employees motivation is an antecedent of their performance. When employees are interested to their job they tend to deal with it in the best way (Bright, 2013). In this association manager can play an essential role (Parzefall and Salin, 2010). They are able to do this responsibility by setting reward system, promotion system and so on. Employees, who are interested to thrive, tend to enhance their

skills and knowledge to achieve these benefits. According to Galindo-Kuhn and Guzley (2001), motivation leads to satisfaction. Also satisfaction in turn causes improving job outcomes (Finkelstein, 2008).

According to abovementioned researches, it is expected that organizational supports have positive effect on intrinsic and extrinsic motivation and job performance. Also relationship between organizational supports and job performance is tested by considering on the effect of intrinsic and extrinsic motivation as mediators. Therefore the following hypotheses are proposed:

H1. There is a positive relationship between organizational supports and intrinsic motivation.

H2. There is a positive relationship between organizational supports and extrinsic motivation.

H3. There is a positive relationship between intrinsic motivation and job performance.

H4. There is a positive relationship between extrinsic motivation and job performance.

H5. Intrinsic motivation mediates the relationship between organizational supports and job performance.

H6. Extrinsic motivation mediates the relationship between organizational supports and job performance.

Methodology

This study conducted in Asalooyeh and Kangan, two cities in Iran. Data of this study were collected by using questionnaire from employees of construction projects. Full-time employees were targeted for this study. Projects managers were asked to participate for distributing and gathering questionnaire. Questions were sent by email to project managers and they were asked to distribute questionnaire in a manner that all employees have the same chance to participate in this study. Questionnaire distributed in two times. In time1, questions which related to managerial supports, intrinsic and extrinsic motivation variables distributed between respondents. In time2, questions of job performance as criterion variable asked with the time lag of three weeks. Totally 263 questionnaire distributed among employees in time1 and 232 questionnaire returned. In time2, 223 questionnaires gathered and only 216 of them were usable. The total response rate was 82%. Seven project managers participated in data collection procedure.

Because the native language in Iran is Persian, questions were translated to targeted language and considered in the process of back translation. The Persian version of questionnaire was

sent to project managers for distribution. Pre-study of 21 employees' responses demonstrated the absence of confusion in understanding the questionnaire.

Questionnaire designed by using four items adopted by Eisenberger et al (1986) to assess organizational supports (eg., this organization strongly considers on my goals and values). Three items adopted by (Tierney et al., 1999) evaluated intrinsic motivation (eg., I enjoy finding better procedures for work tasks) and 6 items adopted by Van Yperen (1996) measured extrinsic motivation (eg., I work too hard considering my outcomes). Furthermore, 6 questions adopted by Kim et al. (2009) evaluated job performance (eg., I produce high-quality work). Scale format were based on five-point Likert scale.

This study applied correlation analysis to test direct relationships between variables and also implemented regression analysis to assess the mediation effect. The method of Baron and Kenny (1986) considered for mediation analysis. Exploratory factor analysis conducted to evaluate validity of questionnaire and Cronbach' alpha tested the reliability of study instrument.

Result

A. Respondents' information

Due to the characteristics of construction projects in selected cities, all participants in this study were male. Twenty three percent of participants were between 18 and 27, while 34% of them were between 28 and 37. Twenty four percent of them were between 38 and 47 years old and the rest (19%) were older than 48. Majority of respondents were married (70%) and 30% them were single or divorced. In case of educational level, 13% of them had primary school education, 14% had secondary school educational, 52% had bachelor degree and the rest (21%) had graduated degree.

B. Reliability and validity

Cronbach' alpha was applied to assess the reliability of questionnaire. Results showed the evidence of existing reliability of questionnaire. That is, all alphas ranged between .79 and .91 and above the common accepted cut-of-level of .70. Exploratory factor analysis has been done to test convergent and discriminant validity of questionnaire. One item from extrinsic motivation measures and one item from job performance measures dropped due to lack of fit. All factor loadings ranged between .52 and .89 and were greater than cut-of-level of .40. Results demonstrated the existence of convergent and discriminant validity. Totally, 73% of variance is explained by study variables and only 23% of variance is caused by one variable.

D. Hypothesized relationships

Table 1 shows the relationship between study variables. Results demonstrated the positive and significant relationship between organizational supports and intrinsic motivation ($r=.32$, $p<.01$) and between organizational supports and extrinsic motivation ($r=.29$, $p<.01$); therefore H1 and H2 were supported and the first condition of Baron and Kenny (1986) is met. Also results showed the significant relationship between organizational supports and job performance ($r=.28$, $p<.01$) and demonstrated the existence of second step from method of Baron and Kenny (1986). Furthermore, the relationship between intrinsic motivation and job performance ($r=.38$, $p<.01$) and also between extrinsic motivation and job performance ($r=.52$, $p<.01$) are positive and significant. Hence H3 and H4 were supported and third condition is met.

To evaluate the effect of mediators, table2 shows that after entering the effect of intrinsic motivation, the effect of organizational support on job performance is still significant (changed from $\beta=.28$, $t=4.23^{**}$ to $\beta=.17$, $t=2.66^{**}$). This result shows that intrinsic motivation partially mediates the relationship between organizational support and job performance; thus, H5 is partially supported. Also table2 demonstrated that after entering the effect of extrinsic motivation as mediator, the effect of organizational supports on job performance is still significant (changed from $\beta=.28$, $t= 4.23^{**}$, to $\beta= .14$, $t=2.28^*$). Therefore, extrinsic motivation partially mediates the association between organizational supports and job performance and H6 partially supported.

TABLE I. MEAN, STANDARD DEVIATION AND CORRELATION BETWEEN VARIABLES

Variable	mean	SD	1	2	3	4	5	6	7	8
1. Age	2.39	1.04	-							
2. Gender	1.00	.00	-	-						
3. Status	1.30	.46	-.22**	-	-					
4. Education	2.85	.99	.07	-	-.04	-				
5. OS	2.22	.78	.14*	-	-.11	.09	-			
6. IM	2.19	1.05	.10	-	-.10	.03	.32**	-		
7. EM	2.21	.89	.04	-	-.11	.05	.29**	.52**	-	
8. JP	2.44	.91	-.04	-	-.12	-.01	.28**	.38**	.52**	-

SD= standard deviation; PMS=perceived managerial support; IM= intrinsic motivation; EM= extrinsic motivation; JP= job performance.

**Significant at the level of .01.

*Significant at the level of .05.

TABLE II. REGRESSION ANALYSIS

	Job Performance			
	Step1		Step2	
	β	t	β	t
OS	.28	4.23**	.17	2.66**
IM	-	-	.32	4.88**
R ²	-	.07	-	.17
?R ²	-	-	-	.10
F	-	17.83**	-	23.80**
Variable				
OS	.28	4.23**	.14	2.28*
EM	-	-	.48	7.89**
R ²	-	.08	-	.28
?R ²	-	-	-	.20
F	-	17.83**	-	62.21**

PMS=perceived managerial support; IM= intrinsic motivation; EM= extrinsic motivation.

Discussion

Most of the researches on the work environment have focused on consultants, marketers, controllers, and designers and so on, ignoring the effect of the work environment on other types of employees (Dul and Ceylan, 2011). This is an important issue because organizations comprise multiple types of employees who have different backgrounds and who may generate novel ideas in different ways. Organizational supports seem to be very important issue in construction organizations, because employees in such organizations are in the situations that don't have their families and routine life around. It can effect on their job performance. In this situation managers can play an essential role and by supporting employees, they can improve employees motivation and performance. Furthermore, employees can create value in an organization, especially in dynamic industries that need lower-level employees to generate different thinking or diverse information to create and combine information in new ways (Lepak and Snell, 2002). Therefore, this research considered on how organizational supports influence on motivation and in turn on job performance.

A. Implication

Results of this study showed the importance of organizational support on employees' motivation and their performance. Therefore it seems necessary that managers pay consideration to their employees and their needs. By satisfying their needs at the real time job performance will increase. By paying more attention to claims arising from the deferred salary and also offering promotion to employees, managers can improve job performance in the organization. Due to the characteristics of the construction projects in delayed payment,

managers should plan to minimize these delays. Also creating an environment which employees achieve career promotion can be helpful to enhancing job performance.

B. Limitations and recommendation for future researches

For data collection, project managers assisted in this study and it might comprise social desirable bias; collecting data directly without interfering supervisors can decrease this bias. Therefore it seems beneficial if in future studies researchers collect data directly. Also this study conducted in Iran and may cause some problem in generalization of results to developed countries. Furthermore, increasing the number of respondents in future research may decrease the possible sampling errors in data collection.

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Types of Corporate Social Responsibility Practices across the Industry in Pakistan and their Effectiveness, Aroosha Butt, Beenish Niazi, Sania Batool

FAST School of Management (NUCES), Islamabad, Pakistan

Corresponding author's email: aroosha@gmail.com

Corresponding author's phone number: +92-334-8984703

ABSTRACT

This study examines different types of Corporate Social Responsibility (CSR) practices across the industries in Pakistan along with their effectiveness. A total of 120 respondents from public and private sector institutions participated in this research. The findings suggest that Corporate Social Responsibility is very effective across the industry. Furthermore, the practices of Corporate Social Responsibility will result in social welfare of society. Corporate Social Responsibility practices have worked a great deal in increasing a company's goodwill and raising their brand name. The main aim of this study is to research the Corporate Social Responsibility practices and growing trends of Corporate Social Responsibility in developing countries like Pakistan. Companies adopting CSR as a vital part of their company have always been encouraged across the industry and by the governments of their respective countries. The theoretical and practical implications of these findings have been discussed in this paper. Lastly, this research concludes with details of top effective practices done by different companies within same industry as well as across different industries.

Keywords: Corporate Social Responsibility, Respondents, Pakistani Industry, Public and Private Sector Institutions.

Research Proposal

Background

The trend of adopting CSR in different businesses across the industry has shown a tremendous growth in recent years. CSR has not only helped companies polish their reputations but also establish themselves as organizations dedicated to the general well-being of the common public and the society. Companies adopting CSR as a vital part of their company have always been encouraged across the industry and by the governments of their respective countries. Certain multi-nationals have been practicing CSR across the borders- in all the countries they have their operational branches. Though the main purpose of the businesses have always been to generate profit and make their stakeholders happy. The recent growth in CSR adaptation shows clearly that now the companies not just aim for the profit

and revenues but also for the society and environment's well fare. CSR practices have worked a great deal in increasing a company's goodwill and raising their brand name.

Companies are now being rated on the social consequences of their activities by the government, media and activists and these ratings are now drawing a lot of attention. Many companies have tried to improve the social and environmental consequences of their activities but without too much success. The critics pit business against society and pressure companies to view CSR in generic ways instead of in the way most suitable for the company's strategy. Approaches to CSR presently being used are compartmentalized and so far removed from the company's business that these initiatives hardly benefit society.

Businesses and corporations are becoming more aware of their social responsibility these days partly because they are bound by the governmental rules and regulations and partly because they do not want to lose their market shares as being tagged as the socially irresponsible firms. Adapting to CSR practices are helping companies keep hold of their customers, who are much more aware and knowledgeable, in terms of their rights and responsibilities towards the environment. (Gopal K. Kanji and Parvesh K. Chopra, 2010) The corporations are realizing that in order to succeed and gain public support, they must focus not only performing financially well but also socially well. According to Bhattacharya et al., (2008) Corporations are using the CSR tactics to win the war of the talent. The rising trend of CSR totally indicates that it is a very major element in promoting the brand name of some of the major corporations and companies. (Gopal K. Kanji and Parvesh K. Chopra, 2010)

Non-profit organizations have always been ahead in pointing out unethical practices by different corporations and governments. The NGOs have pressurized the corporations to change and asked for accountability, which reflects their growing authority. (Bendell, 2000) On the other hand, they have often joined hands with big corporations to develop policies and regulations which are for the welfare of the general public and the society. (Bendell, J. 2005) It would not be wrong to say that their collective efforts have given rise to the terminologies like 'Corporate Social Responsibility' (CSR) and 'corporate citizenship'. (Bendell, J. 2005)

Though tobacco companies have joined in CSR engagement, they have received criticism from anti-tobacco NGOs. Some of their critics base their opinion on the deadly nature of their products and the underhand behavior of their representatives in promoting sales. CSR focuses on corporate philanthropy, collaboration with stakeholders, CSR reporting and self-regulatory principles which have proved to be ineffective and counterproductive in the tobacco industry. The paper suggests differentiating between transactional and transformational CSR, stressing the fact that tobacco companies can only operate on a transactional level. As a result of this, CSR in the tobacco industry has to be conceptualized with a focus across the tobacco supply chain on transactional integrity. (Plazzo, G and Ritcher, U. 2005)

CSR practices seems very common and a major part of growing businesses across America and Europe irrespective of the firm size. The main aim of this study is to research the CSR practices and growing trends of CSR in developing countries like Pakistan.

Methodology

This research will be conducted in different steps. Once the literature review is done, information will be collected from the company websites and the released financial statements. Social media pages will also be visited for updates activities related to CSR by the firms. Furthermore, different questions will be designed for a questionnaire which will be distributed among different size of businesses irrespective of their categories and fields. Once filled and collected the questionnaire will then be analyzed to see the trends. With the help of different software separate tests will be conducted to come to certain conclusions about the CSR practices across the industry. Questions will be designed both numerically and theoretically in order to get a detailed yet relevant set of data.

Objectives

- Total number of firms in Pakistan practicing CSR in their operations
- Types of firms in Pakistan practicing CSR in their operations
- Types of CSR practices adopted in Pakistan
- Impact of CSR practices on the Pakistani society

Introduction

Corporate social responsibility (CSR) also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. Social responsibility has been acknowledged as an important corporate duty by management literature (Quinn, Mintzberg, and James, 1987). Many studies have been conducted on CSR practices and their effectiveness in the industry. This research paper focuses on CSR practices across industries in Pakistan and pin points their effectiveness. Studies have proved that firms that respect social responsibility are always better off in the end. After quite a bit of research, we have found out that more studies need to be conducted to find out how responsible Pakistani firms are, when it comes to corporate social responsibility.

A study suggests that socially responsible actions benefit the firm in term of high employee morale and productivity (Moskowitz, 1972; Parket and Eibert, 1975; Soloman and Hansen, 1985). Firms enjoy various advantages if they are socially responsible. A socially responsible firm gives a positive image of itself to the outer world. Stock holders and investors prefer such a firm over the others when making investment decisions. They are attracted to the firm, as the socially responsible firm depicts good management skill. Customers are likely to become loyal, and the firm may face relatively less labor problems. The firms' relationship with the government and financial institutions is likely to be very good. The firm probably gets loans and financial assistance easily; as such firms are thought to have healthy credit worthiness. Also, such firms have government support, and are less likely to be damaged through government's unannounced and sudden actions.

Entrepreneurs give importance to social responsibility in corporate decision making processes, creating a strong link between a firm's social and ethical policies and its

profitability (Arlow and Gannon, 1982; Ullmann, 1985). There are different perspectives of studying the relationship between firms' social policies and their financial performance, and majority of them proved that socially responsible actions puts them at an economic disadvantage. The other less responsible firms incur low operating costs and thus gain high profits but at a high social cost (Aupperle, Carroll, and Hatfield, 1985; Ullmann, 1985; Vance, 1975). Assessing the level of corporate social responsibility in a firm is not as simple as assessing its profitability. We do not have any appropriate criteria or standard to determine the level of social responsibility in a firm. It cannot be analyzed on the order of a statement of financial position or a trading, profit & loss statement. Thus, measuring the degree of social responsibility in a firm is a delicate task. In order to ascertain the relationship between corporate social responsibility and profitability, it was inevitable to correlate a firm's concern for society with its profitability. There are many other methods to determine the relationship between the two. Some studies measure the managers' behavior, commitment, or reputation in order to determine the link between CSR and profitability.

In recent times, non-profit organizations (NGOs) have always been ahead in pointing out unethical practices by different corporations and governments. The NGOs have pressurized the corporations to change, and asked for accountability, which reflects their growing authority (Bendell, 2000). On the other hand, they have often joined hands with big corporations to develop policies and regulations which are for the welfare of the general public and the society. (J. Bendell, 2005) It would not be wrong to say that their collective efforts have given a rise to the terminologies like 'Corporate Social Responsibility' (CSR) and 'corporate citizenship'. (J. Bendell, 2005).

Studies have been conducted around the globe to investigate the impact of social corporate responsibility on the employees of the organization, its customers and the competitors. This research focuses on the customer outcomes as a result of corporate social responsibility. According to Du, Bhattacharya and Sen, (2010) positive customer outcomes include buying the product, loyalty to the firm, and good word of mouth. Though the above outcomes have been linked to the CSR practices, it also depends on the corporation's potential to provide quality services, assurance and value (R. Chomvilailuk and K. Butcher, 2014). In order to understand the drivers behind the customer outcome, we must first categorize the CSR activities. These activities have been broadly categorized into philanthropy, business practices or product related. (Peloza and Shang, 2011). Thus, it shows that CSR and corporate abilities have a strong relationship for which one component must be kept constant in order to understand the impact of the other on the positive customer outcome (R. Chomvilailuk and K. Butcher, 2014). In addition, two sets of CSR information has been studied simultaneously, which is current performance and new services based information, and in the end the loyalty aspect of the customer outcome has been channeled into three variables: purchase willingness, brand commitment, and positive word of mouth (R. Chomvilailuk and K. Butcher, 2014).

Businesses and corporations are becoming more aware of their social responsibility these days partly because they are bound by the governmental rules and regulations and partly because they do not want to lose their market shares by being labeled as 'the socially

irresponsible firms. Focusing to CSR practices is helping companies keep hold of their customers, who are much more aware and knowledgeable, in terms of their rights and responsibilities towards the environment (Gopal K. Kanji and Parvesh K. Chopra, 2010). The corporations are realizing that in order to succeed, gain and retain public support, they must focus not only performing financially well but also socially well. According to Bhattacharya et al., (2008) corporations are using the CSR strengths to win the war of the talent. The rising trend of CSR indicates that it is a very major element in promoting the brand name of some of the major corporations and companies (Gopal K. Kanji and Parvesh K. Chopra, 2010).

Literature Review

Corporate Social Responsibility Effectiveness

In the last decade, the trend of CSR practices by large and small firms together, has shown a tremendous growth including the 90% of the fortune 500 companies (Kotler & Lee, 2004). CSR growth has not only increased the customer awareness but has also given a new edge to competition across the industry. The effectiveness can be linked to the brand image and reputation a company already has across a sector. A firm's success in fulfilling the expectations multiple stakeholders have of it is reflected by its reputation. (Freeman, 1984; Fombrun, 1996). The type of sector a company is categorized in also determine the level of its CSR practices and its effectiveness e.g. NGOs can tend to be less inclined towards CSR practices as compared to Tobacco companies because the nature of their work already make them stand out as being socially aware.

Types of Corporate Social Responsibility practices across Industry

Pakistani Industry in this study covers all the private and public sectors companies which are both manufacturing goods or processing the already manufactured goods. It also covers the service providing companies including the complete telecomm sector e.g. Warid, Telenor, Mobilink and Zong etc. The major companies with their operational subsidiaries in Pakistan are also part of the study e.g. Colgate Palmolive and P&G.

Companies try their best to look socially and morally responsible. They tend to act actively in order to maintain their market share and increase their profitability. The CSR practices adopted by the companies vary in their types. It ranges from launching educational campaigns in schools and colleges to planting trees to show their care for the environment. Recently, Pakistan State Oil (PSO) launched a campaign to plant trees and makes the environment green in order to cover up the damages of fuel emissions caused to the environment.

Likewise, Ariel washing powder, a product of P&G, launched a campaign to help the mentally retard students learn a skill in order to make their living. Companies like Unilever and Hamdard have gone further in their CSR practices by launching cartoon characters which not only market their products but also helps in the children adopt hygienic habits like cleaning and washing properly.

The timing and nature of the CSR practices differ across the industry but the major point is that customers are becoming more aware of the steps taken by the corporate sector. They compare and rate the CSR practices of the firms across the industry and this newly adopted action compels the companies to take vigilant steps in order to make sure that their strategies are really effective.

Relationship between types of Corporate Social Responsibility across industry and its effectiveness

It is quite important to know the kind of relationship and its direction that exist between the both variables. The main purpose of the study is to check if there is a direct relationship between the CSR practices across industry and their effectiveness. After coming across the different published work from renowned authors across the world, it is found that no work has ever been published on the CSR effectiveness across Pakistani Industry. CSR is a growing trend across Europe and America and several studies has been conducted to analyze its different aspects. Even some work has been carried out in across Asian countries regarding CSR e.g. India, Malaysia etc. Therefore, the aim of this study is to see if CSR trends similar to Europe or other Asian countries are found in Pakistani Industry or not.

The type and timing of the CSR practices really matters in the way it targets customers and the government institutions and show how effective their measures have proved so far. This trend seems to have eased the work of the regulatory authorities as both the corporate sector and the people are becoming equally responsible. The main aim of this study is to identify the types of the CSR practices across Pakistani industry and their effectiveness in terms of profitability, market share and less tax. It is certain that relationships exist but it is further to be determined that which type of relationship is it.

The term corporate social responsibility means adopting practices that are good for the welfare of the greater number of people. Nevertheless, some companies CSR practices do not reflect that as it is mere marketing of their products. This raises the question that what are the CSR practices that not only results in the profitability of the firm but also benefits the people. In this study we would find the possible answers to this question.

On the other hand, it is also necessary to assess the degree of the effectiveness of a certain type of CSR practice. While the effectiveness of the CSR practice mainly depends on the brand image and firm reputation (Torelli et'al, 2012) it also depends on the nature of the practice as well.

Theoretical Model

Corporate social responsibility is perceived differently by different firms. To some it is the commitment to invest resources to resolve certain issues like pollution, poverty and racial discrimination (Hay et'al 1976) and to others it is divided into different categories like ethical, discretionary, legal and economic responsibilities representing a complete model as a whole. (A. Caroll, 1979). These distinguished approaches towards the CSR leads to the different kinds of CSR practices being carried out by the firms. Therefore, in order to understand the

kinds of CSR practices by the firms, it is important to first recognize the firm's approach to CSR itself. (A. Carroll, 1979)

Though tobacco companies have joined in CSR engagement, they have received criticism from anti-tobacco NGOs. Some of their critics base their opinion on the deadly nature of their products and the underhand behavior of their representatives in promoting sales. CSR focuses on corporate philanthropy, collaboration with stakeholders, CSR reporting and self-regulatory principles which have proved to be ineffective and counterproductive in the tobacco industry. The paper suggests differentiating between transactional and transformational CSR, stressing the fact that tobacco companies can only operate on a transactional level. As a result of this, CSR in the tobacco industry has to be conceptualized with a focus across the tobacco supply chain on transactional integrity. (Plazzo, G and Ritcher, U. 2005)

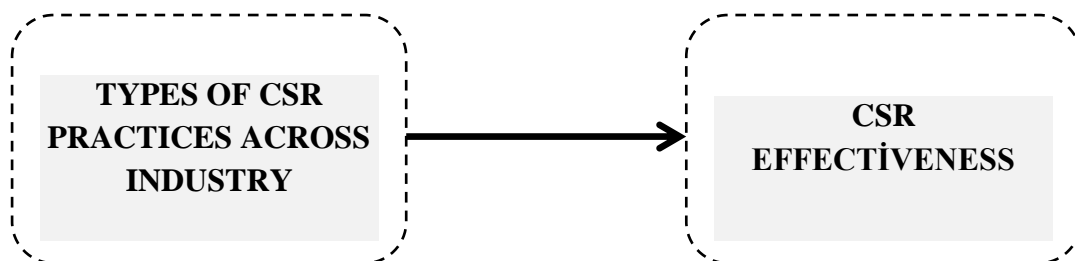


Figure 1: Theoretical model showing Independent and Dependent variable

Businesses and corporations are becoming more aware of their social responsibility these days partly because they are bound by the governmental rules and regulations and partly because they do not want to lose their market shares as being tagged as the socially irresponsible firms. Adapting to CSR practices are helping companies keep hold of their customers, who are much more aware and knowledgeable, in terms of their rights and responsibilities towards the environment. (Gopal K. Kanji and Parvesh K. Chopra, 2010) The corporations are realizing that in order to succeed and gain public support, they must focus not only performing financially well but also socially well. According to Bhattacharya et al., (2008) Corporations are using the CSR tactics to win the war of the talent. The rising trend of CSR totally indicates that it is a very major element in promoting the brand name of some of the major corporations and companies. (Gopal K. Kanji and Parvesh K. Chopra, 2010)

Studies have been conducted around the globe to investigate the impact of social corporate responsibility on the employees of the organization, its customers and the competitors. This research focuses on the customer outcomes as a result of corporate social responsibility. According to Du, Bhattacharya and Sen, (2010) positive customer outcomes include buying the product, loyalty to the firm, and good word of mouth. Though the above outcomes have been linked to the CSR practices, it also depends on the corporations' potential to provide quality services, assurance and value (R. Chomvilailuk and K. Butcher, 2014). In order to understand the drivers behind the customer outcome, we must first categorize the CSR activities. These activities have been broadly categorized into

philanthropy, business practices or product related. (Peloza and Shang, 2011). Thus, it shows that CSR and corporate abilities have a strong relationship for which one component must be kept constant in order to understand the impact of the other on the positive customer outcome (R. Chomvilailuk and K. Butcher, 2014). Furthermore, two sets of CSR information has been studied simultaneously which is current performance based and new services based information and finally the loyalty aspect of the customer outcome has been branched into three variables: purchase willingness, brand commitment, and positive word of mouth (R. Chomvilailuk and K. Butcher, 2014)

Non- profit organizations have always been ahead in pointing out unethical practices by different corporations and governments. The NGOs have pressurized the corporations to change and asked for accountability, which reflects their growing authority. (Bendell, 2000) On the other hand, they have often joined hands with big corporations to develop policies and regulations which are for the welfare of the general public and the society. (J. Bendell, 2005) It would not be wrong to say that their collective efforts have given rise to the terminologies like ' Corporate Social Responsibility' (CSR) and 'corporate citizenship'. (J. Bendell, 2005)

Data and Methods

Sample and Data Collection Procedure

The data collected for our survey comprises of different sectors across the industry. We started surveying the company's websites and annual reports to find out about their CSR practices. Most the companies disclosed their CSR practices in their foot notes in the financial statements and others stated it on their websites. The companies whose websites were visited for our study included the companies from KSE 100, SMEs, NGOs and service providers. These were further categorized into manufacturing companies, telecom companies, Tobacco companies and chemical companies.

Out of the total companies chosen and surveyed approximately 65% had mentioned their CSR practices clearly on their websites and annual reports which reflected the increasing trend of CSR practices across industry in Pakistan. We also checked their past annual reports and compared it with the recent ones to check the trends of CSR awareness across different sectors in the industry. NGOs had been consistent in their CSR practices through the last decade with telecom sector and manufacturing sector showing huge increasing patterns.

Measures

Our data is taken from the secondary as well as primary sources because we used the information from different websites and conducted a survey through questionnaire. The major source of our data collection was the company's official websites and our questionnaires. We also compared their past data with the recent ones to check the trends.

Types of Corporate Social Responsibility practices across industry

The types of the CSR practices were taken from the websites and the annual reports of the respective companies. It was then categorized into different campaigns which were carried

out as part of their CSR practice. A list was made to compare and contrast the different campaigns across different sectors.

Corporate Social Responsibility Effectiveness

This was measured through the survey conducted. A questionnaire was prepared accordingly and data responses were collected to check the popularity of different CSR practices among people.

Corporate Social Responsibility practices across different Industries

Table 1: CSR practices

Sr. No.	Company Name	Industry	CSR practices
1	Telenor	Telecom	Believe in your ability
2	Warid		Charity Campaign- GIVE
3	Zong		Zong-PRCS Campaign
4	Ufone		Environmental, Health and Social Initiatives
5	Mobilink		Health and Social Initiatives
6	Atlas Honda	Automobile	Environmental, Health and Social Initiatives
7	Indus Motor		Education, Health, Environmental and Social Initiatives
8	Pak Suzuki Motor		Education, Health and Environmental Care
9	Muree Bewery	Beverages	Darakshan Training Institute- Education for disabled women
10	Shezan International Ltd		Charity programs
11	Agritech Ltd	Chemical	Education and Health Care
12	Arif Habib Corporation Ltd		To provide cleaner environment
13	Dawood Hercules Corporation		Community and Environment Care
14	Descon Chemical Ltd		Health, Safety and Environment initiatives
15	Descon Oxyhem Ltd		Environmental protection
16	Dewan Salman Fibre Ltd		Environment and Social Care
17	Engro Corporation Ltd		Environment and water conservative initiatives
18	Engro Fertilizers Ltd		Dream Foundation Trust School and other Society welfare programs
19	Fatima Fertilizer Co. Ltd		Health, Safety and Environment initiatives
20	Fauji Fertilizer Co. Ltd		Education, Health, Poverty Alleviation and Annual Fun Fares
21	Lotte Chemical Pak Ltd		Donation for earthquake affectees and other charity campaigns

22	Nimir Industrial Chemicals Ltd		Health, Safety and Environment initiatives
23	Allied Bank Ltd	Commercial Banks	Education, Healthcare, Environment, sports and arts promotion
24	Askari Bank Ltd		Sports, Education, Environment and Social cause
25	Bank Alfalah Ltd		Rising Talent
26	Faysal Bank Ltd		Scholarship programs and charity campaigns
27	Habib Bank Ltd		Donation for social and education development
28	MCB Bank Ltd		HSE- Pakistan Centre of Philanthropy
29	Meezan Bank Ltd		Eradication of illiteracy and poverty
30	NIB Bank Ltd		Society Welfare programs
31	National Bank of Pak		Socio-Economic Sector- Education, Environmental and Healthcare
32	Silkbank Ltd		Health and Education initiatives
33	Soneri Bank Ltd		Social Welfare programs
34	Standard Chartered Bank Ltd		Youth, Health, Education and Environment care programs
35	United Bank Ltd		Education, Health, Skills training and community development
36	Attock Cement (PAK) Ltd		Construction-Cement
37	Bestway Cement Ltd	Health, Relief & Natural Disaster Management and Education	
38	D.G. Khan Cement Company Ltd	Environment Protection	
39	Dewan Cement Ltd	Donation, Education and Health facilities in rural areas	
40	Fauji Cement company Ltd	HSE and Rehabilitation	
41	Gharibwal Cement Ltd	NO to Child Labor	
42	Javedan Corporation Ltd	Health, Safety, Environment & Community	
43	Lafarge Pak Cement Ltd	HSE and Sasta Dastarkhan in Ramadan	
44	Maple leaf Cement factory Ltd	HSE and medical insurance	
45	Pioneer Cement Ltd	HSE and General Welfare- Construction of Mosque in village Chenki	
46	Power Cement Ltd	Social Welfare programs	
47	Zeal Pak Cement factory Ltd	HSE and Rehabilitation programs	
48	Hub Power company Ltd	Electricity	CSR initiatives- Edhi Foundation, LRBT, TCF, SBKWU and many more
49	Japan Power Generation Ltd		Social Welfare programs
50	K-Electric Ltd		Community Service

51	Kohinoor Energy Ltd		Social and Environmental Responsibilities
52	Kot Addu Power Company Ltd		HSE, infrastructure, Sponsorships and Training & development
53	Nishat Power Ltd		Social Welfare campaigns
54	Climax Engineering Company Ltd	Electronic Goods	HSE initiatives
55	Johnson and Phillips (PAK) Ltd		Family Educational Services Foundation - FESF
56	Pakistan Cables Ltd		Health, Safety and Environment initiatives
57	Mughal Iron and Steel Industries	Engineering	Environment and Health care
58	Al-Ghazi Tractors Ltd		Social Welfare- develop houses in D.G. Khan
59	Millat Tractors Ltd		Safety, Health and Environment policy
60	Allied Rental Modarba	Equity Investment Instruments	Health, Safety, Environment & Community
61	First Habib Modarba Ltd		Educational support, Medical facilities, donations for social welfare
62	PICIC Growth Fund		Focuses more on employees right
63	PICIC Investment Fund		Energy conservation, environment protection & occupational safety
64	UNICAP Modarba		Environment Care Initiatives
65	First Capital Securities corporation	Financial Services	Involvement, Support, Respect and Environmental Awareness
66	IGI Investment Bank Ltd		Promotes resource conservation
67	Jahangir Siddiqui Company Ltd		Community development and Philanthropy
68	KASB Corporation Ltd		Community and Environmental Responsibility
69	Pervez Ahmed Securities Ltd		Providing Employee good working condition- Within organization practices
70	Pak Telecommunication Co. Ltd	Fixed Line Telecommunication	Online Learning and other youth empowerment practices
71	WorldCall Telecom Ltd		Wireless technology solutions
72	Telecard Ltd		Providing Online facilities
73	Engro Foods Ltd	Food Producers	Social Investment Projects
74	National Foods Ltd		Emergency Relief, Aagahi Program and Yoorallah Project
75	Nestle Pakistan Ltd		Education Awareness , Welfare Schemes and Environment Care
76	Rafhan Maize Products Ltd		Charity campaigns for the welfare of society
77	Century Paper & Board Mills Ltd	Forestry (Paper & Board)	HSE initiatives
78	Security Paper Ltd		Health facilities, Education and Welfare Schemes
79	Pak Paper Products		Discourage payments (BRIBE) and personal

	Itd		benefits
80	Ghani Glass Mills ltd	General Industrials	No to Child Labor, HSE and Environment care
81	Thal limited		Education, Environment and Health
82	Packages Limited		HSE, Hajj Facility, Scholarships & Long Service Rewards
83	Synthetic Product Enterprises ltd		Focuses more on employees right
84	Medi Glass Limited	Health Care Equipment & Services	HSE initiatives
85	Shifa International Hospitals ltd		Donation Campaigns and other social Welfare Schemes
86	Feroze 1888 Mills ltd	Household Goods	Green Company, Health & Safety and Social Responsibility Squad
87	Pak Elektron ltd		Education, Sports and other welfare programs
88	OGDCL	Oil & Gas	Education, Healthcare, Water supply and Infrastructure
89	Pak Petroleum ltd		Environment Care Initiatives
90	Pak State Oil ltd		Tree Plantation
91	Gul Ahmed Textile Mills ltd	Personal Goods (Textile)	Social and Environmental Responsibilities
92	Nishat Mills Limited		Donations, Environment care, Health and Safety Standards
93	Kohinoor Textile Mills Ltd		Charitable Medical Dispensary and Community initiatives
94	Colony Textile Mills Ltd		Health, Safety and Environment protection
95	Pakistan Tobacco Company ltd	Tobacco	Youth Smoking Prevention and Afforestation
96	Philip Morris (Pak) ltd		Education and Rural infrastructure development
97	Pak. Int. Airlines Corporation	Travel & Leisure	Medical Services, training & education and social services
98	Dreamworld limited		Make your Dreams Real
99	Public Sector Development Projects	SMEDA	For the Welfare of Society
100	PM Youth Business Loan		For the Welfare of Society

Results

Appendix 1

Table 2: Questionnaire Feedback

Options	Do you think CSR is being promoted by different organizations in Pakistan?	Should Pakistani firms adapt to the changing trends of CSR practices?
Yes	65%	96%
No	35%	4%

Our respondent population consists of 35% male whereas 65% female.

Appendix 2

Please rate the below mentioned CSR practices on the scale given below:

Table 3: Most important to least important CSR practices

	Health initiatives	Social welfare program	Environment initiatives	Youth smoking prevention and Afforestation	Charity campaigns and donations	Sports	Eradication of poverty	Promoting resource conservation	Training and development	No to child labor
Most important	27%	40%	31%	25%	45.7%	43.4%	24.2%	30.5%	44.7%	34%
7	32%	24%	20%	23%	21%	25.8%	20.8%	29.2%	22%	23.5%
Important	21%	19%	19%	24%	22.5%	15%	28.3%	17%	20%	29.2%
3	14%	13%	24%	21%	8.3%	12.5%	20%	17.5%	10%	5%
Least important	6%	4%	6%	7%	2.5%	3.3%	6.7%	5.8%	3.3%	8.3%

Appendix 3

Please rate the following statements on the scale given below:

Table 4: CSR Effectiveness

	It inclines a customer to stick to the brand of his choice	In increasing customer awareness	Company has an edge over its competitor	Its effectiveness is determined by the type of company practicing it	CSR wars like brand wars	It affects the buying pattern of customer	It affects the ways people live in a society	It make the firms more responsible
Strongly Agree	8%	12%	18%	12%	9%	7%	15%	20%
Agree	38%	56%	45%	38%	34%	50%	44%	49%
Neutral	33%	21%	23%	21%	29%	28%	25%	17%
Disagree	16%	6%	10%	23%	23%	7%	13%	10%
Strongly Disagree	5%	5%	4%	6%	5%	8%	3%	4%

Appendix 4

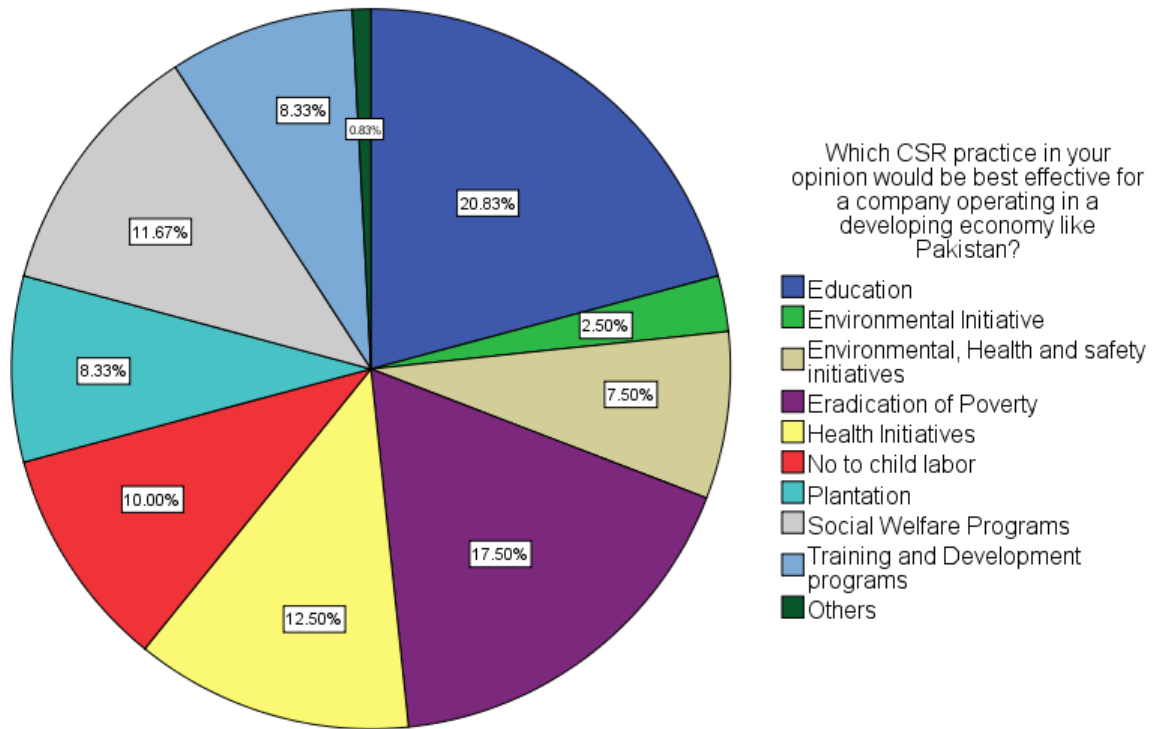


Figure 2: Effectiveness of Different CSR Practices

Discussion

The primary question dealt with gathering information about the awareness of the respondents about CSR practices being promoted by different organizations in Pakistan. Approximately 65% of our candidates were aware of the CSR practices that are being promoted by different organizations in Pakistan. The positive response was based on the alignment of field of study with their professions, so it was generally predictable that respondents had prior knowledge about CSR practices across the industry in Pakistan. Secondly, an exploratory query was presented to the respondents, referring to the adaptation of changing trends of CSR practices in Pakistan. Around 96% of the respondents believed that Pakistani firms should adapt changing trends of CSR practices.

Furthermore, according to the response of respondents the most important CSR practice was charity campaigns and donations. The sample set of CSR practices presented to respondents also included health initiatives, social welfare programs, environmental initiatives, eradication of poverty, afforestation and many other practices. Almost 46% population of respondents agreed on the importance of charity campaigns and donations for the betterment of society.

The query gave us a way forward to explore whether CSR practices incline a customer to stick to the brand of their choice and 38% agreed on it whereas, 56% of our respondents were of the view that CSR practices will help in increasing customer awareness.

The most important question in the sight of businessmen was that whether a company has an edge over its competitors by implementing CSR practices. A favorable response was collected from 45% of the respondents, stating that any company has an edge over its competitors based on the implemented CSR practices.

Almost 50% of respondents agreed that CSR practices affect the buying pattern of customers.

Lastly, the respondents were asked to share their views about the best CSR practice that would be effective for a company operating in a developing economy like Pakistan and approximately 21% agreed on education and 17.5% agreed on eradication of poverty.

Our findings show that companies try their best to look socially and morally responsible. They tend to act actively in order to maintain their market share and increase their profitability. With the help of corporate social responsibility practices companies will be able to gain customer intimacy. Whereas by implementing the best effective CSR practices the companies will gain brand loyalty as well.

Furthermore, implementation of CSR practices by different organizations across Pakistani industry will play a positive role for the welfare of society and for its betterment.

Conclusion

This study focuses on several types of CSR practices adopted by different firms across Pakistani industry and their effectiveness. Furthermore, it signifies the importance and effectiveness of CSR practices for the betterment of society. Studies have been conducted around the globe to investigate the impact of CSR on the employees of the organization, its customers as well as the competitors. This research highlights the information gathered from respondents relating to the organizational, environmental and customer based impacts of CSR practices. This research signifies the need of CSR in current scenario as well as the factors to be taken care of for positive influences on company's profitability and customer intimacy. To our knowledge, the main objective of corporate social responsibility was for the betterment of the society through social welfare programs, by providing education, eradication of poverty, health initiatives, environmental initiatives, sports, promoting resource conservation, no to child labor, training and development, youth smoking prevention and afforestation.

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Measuring CSR Performance: an Approach to Evaluate Colombian Companies, Lucely Vargas, Lina Gomez

Abstract

Purpose: Measuring accurate Company Social Performance is a challenge that today called the attention from different stakeholders. Worldwide Businesses are very economical powerful entities with their operation in developed, emerging and developing countries, and therefore are requested to behave right and with social concerns. With the financial crisis firms have been affected in their reputation and the topic of Corporate Social Responsibility (CSR) is gained importance. Moreover, the demands for Sustainable Global Economy are required and the firms disclosing/reporting activities are essential. Evidence demonstrated that for CSR disclosing initiatives, firms are evaluated and measured. There are several forms measuring CSR: Ethic Rating is one method. This investigation presents a CSR measuring approach based on CSR disclosing/reporting, information in which our Ethic Rating is based. In our endeavours more specifically we try to answer the question how could we measure CSR using ethic rating? **Methodology:** This work presents a specific case of study of Colombian quoted enterprises in the Colombian Stock Exchange using ethic rating analysis. For this research, sustainable reports and annual reports are analyzed and our ethics rating is based on both the qualitative and quantitative assessments. **Findings:** The ethic rating analysis shows that CSR in Colombia is gained importance in each year in the analysed period (2008-2010), IGBC companies are performing better in that direction. **Originality/Value:** currently, there are not studies conducted in the direction of Ethic Rating (ER) for Colombian companies that indicate a firm's evaluation of performance.

Keywords: Ethics Rating, IGBC index, Content Analysis, ISO26000.

Article Classification: Research paper

Introduction

Corporate social performance has become a legitimizing identity for business and society (Rowley and Berman, 2000). Today the CSR performance for companies to be sustainable and well perceived by stakeholders is getting attention. Nowadays, businesses are following the rules and it is expected that their actions go beyond of the legal framework, matching voluntary social expectations with stakeholder's expectations (Vargas, 2011). In that way, corporations have the obligation to work for social betterment further than the narrow perspective of economical and legal requirements (Rowley and Berman, 2000). Currently, the financial crisis is a case of lack of ethics, principles on corporation and managers leading companies. CSR strategy focus in values, ethics, principles, and international principles are going down. There is the declination of work ethics to increase in white-collar business crime, even within government activities (Hoagland, 2008). With

globalization and business operation in international environments, there are more influential companies in the society today and this power spread out through nations. This fact accelerates theoretical values/ principle definitions regularity (Agle and Caldwell, 1999), definitions that need to be under the framework of international standards. On the other hand, lack of strong shared principles is reflected in significant cost, reputational business risk/cost. Some corporations like Shell, Bp, Nike, Gap, Coca-Cola, JP Morgan Chase, and other companies have been affected in their reputations because they have been acting in opposite way to ethical values (Vargas, 2011). A re-built strong culture on values, CSR, ethics, principles and regulations to balance is a need that embraces Corporate Social Responsible towards employees, environmental, customers, society/public sectors, suppliers, and investors, among others. Therefore CSR disclosing and measuring of those kinds of initiatives is crucial.

In organizations people talk about ethical principles as guidelines. Those principles are standards or rules describing the kind of behaviour for an ethical person, ethical businesses, and ethical society in which they either should or not should engage (Hoffman, et al., 2001). This ethical commitment becomes formal in the form of a code of conduct, conduct of ethics, ethical principles, company values, and other important aspects such as mission, corporate governance, which gives the company ***identity that is part of the strategy***. Those CSR initiatives have impact in social business operations, however, a need to incorporate the international principles and standards such as framework of companies operations, a CSR *common language* in business activities will be a priority. There are international CSR guidelines such as references for common language, presented by UN, OEDC, UN Global Compact, ILO Conventions, GRI standards of reporting and ISO 26000 in Social Responsibility, which are international guidelines for countries and companies- and for practicing these initiatives companies and countries are measures in international environments (Aei, 2011). In Colombia listed companies used a framework of ISO 26000 standards: ECOPETROL in the Oils sector and ISAGEN in the Utility sector. Moreover, some companies adopted GRI International standards as a reporting framework: BANCOLOMBIA S.A, in the financial industrial sector, ARGOS S.A in the cement sector, ECOPETROL and ISAGEN, too. A company such as ISA, has been added the UN Compact global pact, 10 principles to its operation. Other colombian organizations “cover aspects in terms of poverty reductions, internal conflict resolutions, supporting initiative for employment of internal refugees, improving education, schooling in rural areas, projects that promote peace in Colombia” (CSR WeltWeit, German Business, Global citizen, Colombia the role of

CSR, 2012, p.1)³⁷. The poverty eradication is one of the Colombia priorities. Colombian president: Juan Manuel Santos made strong called to firms to invest in actions in order to decrease poverty in the country and in this call was extended to the whole Latin-American continent, he pointed out that “it is a profit for businesses for the entire world” fighting against poverty and in Colombia and in the whole Latin America continent is one of the 5 scheduled topics of the agenda of “Cumbre de las Americas”, which was celebrated in a Colombia city, Cartagena. (Lozano, 2012, p.1)

One way to measure CSR Company performance initiatives is using rating ethics (Aei, 2011). Rating ethics are useful information for stakeholders to understand and to evaluate company’s impact in the society and in the environment. Social and environmental ethics in a similar way that credits rating improve transparency and efficiency and can provide information to determine if the firm behaviour is socially responsible (Chatterji et al., 2007). Ethical, social or environmental rating agencies in their methodologies analyze CSR disclosed information in the company’s website, for example annual and sustainable reports analyzes the Sam Group in Its methodologies (Sam Group,2008); CSR reporting is a very important instrument for the communication with stakeholders about CSR practices (Golob and Bartlett, 2007). Additionally, ethical ratings need some criteria and standards, criteria which are based on international principles from The UN, OECD and EU guidelines (Aei, 2011). Today, ethical ratings are gained importance and this rating could be useful for investors (Fischer and Khoury, 2007)

This investigation is based on the CSR/sustainable reports analysis of Colombian listed companies in the Colombian Stock Index IGBC for a period of 5 years: 2006-2010, evaluating company performance throughout Ethic Ratings (ER) methodology. Moreover, ISO 26000 will be used as a criteria and the method for content analysis in order to access to the CSR report information. In our endeavours more specifically we try to answer the question how could we measure CSR using ethic rating? Considering that Ethic Rating Methodology evaluates CSR performance (Aei, 2011). This work continues with the following structure: theoretical framework, research context and methodology, empirical findings, discussion and conclusions and references.

Theoretical framework

Corporate Social Responsible (CSR) approach:

Corporate social responsibility (CSR) is a concept growing around the globe rapidly, which frequently overlapped with similar terms such as corporate sustainability, corporate

³⁷ CSR WeltWeit, German Business, Global citizen, Colombia the role of CSR, 2012) available at <http://www.csr-weltweit.de/en/laenderprofil/profil/kolumbien/index.nc.html> accessed January 10th, 2012

sustainable development, corporate responsibility, and corporate citizenship (Vargas, 2011). It is observed that CSR does not have a standard or universal unified definition; there are no general agreements about what the concept means (Crowther & Aras, 2008). The CSR term is widely discussed in theory and practice; according to the definition of the European Commission's is "a concept whereby companies decide voluntary to contribute to a better society and a cleaner environment" (COM, 2001, 4) by integrating "social and environmental concerns in their business operation and in the Interaction with stakeholder" (COM 2001, 6). In emerging countries like Colombia, Corporate Social Responsibility refers to "Responsabilidad Social Empresarial, (RSE) and it plays an important role in the social development of the country but it is not clear yet if the CSR "refers to the company engagements beyond the minimal statutory requirements (pay taxes and setup with statutory social standards" (CSR WeltWeit, German Business, Global citizen, Colombia the role of CSR, 2012, p.1).³⁸

Moreover, it is considered that corporations have obligation with stakeholders and society; CSR is the proper role or obligation of MNCs with in society" (Hoffman, et al., 2001) and CSR approached strategically generates opportunity, innovations and competitive advantages for corporation, (Porter and Kramer, 2006) .Significant contributions to the field of CSR have been proposed by Carroll (1979) who remarks that "social responsibility of business encompasses the economics, legal, ethical and discretionary expectation that society has of organizations at a given point of time" (Friedman and Miles, 2006, p. 22). Social Responsibility "began where the law ends" (Friedman and Miles, 2006, p.2) and should be based on international principles norms (Aei, 2011). CSR should be defined with the cooperation of the group of the all stakeholders (Ingenbleek, et al., 2007), and balancing their interesting. Social responsibility refers to the balance of interests of multiples stakeholders (Friedman and Miles, 2006). Jones (1995) uses a very strong instrumental theory for stakeholder management by argument that a subset of ethical principles (trust, trustworthiness, and cooperation) can result in significant advantage (Jones, 1995). Firms enhance legitimacy by adopting standards using this mutual cooperation, (Ingenbleek, et al., 2007).Companies in international environments are disclosing their CSR commitment. The CSR reporting of the companies and communication is increasing significantly since 2002 (Golob and Bartlett, 2007). A common language leads those initiatives and establishing a common framework of reporting is a very important goal (Owen, 2003). Some of the companies report the CSR alone in a sustainable or CSR report; others integrate it the annual report of the company. According to the survey conducted by KPMG to G250,

³⁸ (CSR WeltWeit, German Business, Global citizen, Colombia the role of CSR, 2012) available at <http://www.csr-weltweit.de/en/laenderprofile/profil/kolumbien/index.nc.html> accessed January 10th, 2012

companies show the tendency of reporting base on international principles, universal language such as: UN global Compact 40%, ILO core conventions 24%, human rights conventions 21%, OECD Guidelines 13%, and companies such as Japan, UK, The US, Canada, Netherlands, Sweden, Italy, Spain, and Brazil are leading the sustainable report initiative (KPMG, 2008). The report is a very useful resource to get information about company's CSR practices; firms report initiatives about CSR, which are also, based on international standards a common language and are useful information for Ethic Rating agencies, when they are measuring CSR performance (Aei, 2011). ISO 26000 international standards are voluntary Corporate Social Responsibility guidelines that give a common language framework for sustainability, international criteria and useful information for rating agencies in order to evaluate firm's performance.

ISO 26000 standards:

ISO 26000 International Standard is an international framework of principles and guidance for social responsibility SR, (ISO, 2010). This international norm is considered a *voluntary standard, and guidance* for CSR and in consequence it is not used such an issue of certification as other ISO standards such an example: ISO 9001 or ISO 14001, but as the history has been showing, it could be considered a certification matter in the near future and therefore, companies, need to be ready. The Norm ISO 26000 was developed by ISO organization, which is focus to international agreements among several stakeholders, and among countries (ISO, 2010) in that way is a good international framework of reference. It is important to observe that the international standards ISO 26000 norm has a particularity that represents an important holistic approach of 7 social responsibility cores. These 7 cores are linking interdependent and toward to public and private organizations, developing countries, developed countries emerging countries, and others. It is a common language of CSR discussion. The seven scores of ISO 26000 contain the following dimension (criteria and sub criteria): (1) *Organizational Governance*; (2) *The environment*. (Prevention of pollution, Sustainable Resource, Climate Change, mitigation, and adaptation, Protection of the environment, biodiversity, and restoration of natural habitats); (3) *Labor practices*: (Employment and employment relationships, Conditions of work and social protection, Social dialogue, Health and safety at work, Human development and training in the workplace); (4) *Human Rights*: (Due diligence, Human rights risk situations, Avoidance of complicity, Resolving grievances, Discrimination and vulnerable groups, Civil and political rights, Economic, social and cultural rights, Fundamental and principles rights at work); (5). *Community involvement and development*: (Education and culture, Employment creation and skills development, Technology development and access, Wealth and income creation, Health, Social investment); (6) *Consumer issues*: (Fair marketing, factual and unbiased

information and fair contractual practices, Protecting consumer's health and safety, Sustainable consumption, Consumer service, support, and compliant) (7) *Fair Operating Practices*: (Anti-corruption, Responsible political involvement, Fair competition, Promoting social responsibility in the value chain and Respect for property rights).

Companies are measured in their CSR performance by ethics rating, a way to have more accurate and transparent information for stakeholders including the investors; some of those ethics ratings consider international principles and standards from The UN, OEDC and EU guidelines in the evaluation: "Agenzia Europea di investimenti Standard Ethics", Aei is an example. Today, ethical rating approaches are gained importance and popularity among portfolio managers; ethics ratings are published by specialized research organizations, to screen securities for portfolio selection" (Fischer and Khoury, 2007).

Measuring Corporate Social Responsibility Performance:

There are several forms to measure CSR by ethical agencies: one way is using indexes, sustainable indexes: Dow Jones Sustainable Group Index (DJSGI), and FTSE4GOOD, among others. Other way is using rating ethics. Ethic ratings are a CSR measurement business performance based on international principles (Aei, 2011). The ethical rating (ER) is an emission of CSR judgments to determine firm's impact performance in the environment and society. The (ER) analysis and emission is developed by rating agencies. Currently, there are some rating agencies such as: (1) AEI, Agenzia Europea di Investimernto, (2) Avance SRI research- Vigeo, (3) Ceres, (4) SAM and (5) EIRIS (UK), among others operating with different methodologies for the ratings categorizations and emission.

Ethics Rating Overview:

Today in the world there is a global transformation with increasing demands to performance not only financially but to be good corporate citizens. One of the most important aspects of this transformation is the Corporate Social responsibility topics of: climate change, community health, education, poverty reduction, employees' social policies, energy and waste consideration, innovation, SRI and development are very important issues. In an international survey³⁹ conducted by KPMG (2008), in 22 countries and with more than 2200 business around the world, it was founded that 80% of the companies included CSR in their reporting. This is a call not only for reporting the accountability and transparency of all of these CSR activities by companies but also for establishing constantly systems of measure and monitoring.

³⁹ The KPMG's survey is doing every three year

Ethic Rating is a method to evaluate the CSR performance of the company based on CSR judgments of firm performance; quantitative and qualitative methods to measure and evaluate corporate economic, social and environmental issues (Aei, 2012). The ethical rating is a result of statistical and scientific activity with the objective to get a picture of the business operations in the integration of international principles: UN, EU and OECO Guidelines (Aei, 2012). Ethics Ratings give an understanding about how companies embrace socially-responsible or sustainable, and if they extent and include social, environmental, ethical issues within their corporate strategy. Ethical, social or environmental ethics try to make corporation's environmental effects more transparent (Chatterji *et al.*, 2007). The rating emitted by ethics rating is useful for stakeholders to understand the CSR Company's initiatives. Stakeholders such as investors gather value information on how to allocate their assets using the rating. Additionally, Rating Agencies (RA) help managers and companies to identify reputation risk, and to do more for management, this type of risk reduces their impact in environmental footprints, and increase their social commitments with communities and stakeholders. According to Rating Agency EIRIS, investing in companies screened for good social, environmental and ethical practice is increasing and investing according to socially responsible investment policies and climate change, social and governance factors are foundation value criteria at the moment of invest (EIRIS, 2008). Investors are diversifying their portfolios by investing in companies that set industry-wide best practices with regard to sustainability and they use the ethics rating agency judgments. There are important criteria to evaluate company's performance: (1) Environmental issues policy, level of pollutions, greenhouses gases. (2) Social issues employees' participation, suppliers, systems of reporting, community involvement, (3) Governance (Code of ethics, Board accountability, women on the board, (4) Other issues: Animal testing, disclosing, human rights, third countries in others (Eiris, 2008).

Ethic rating is a useful tool for managers selecting investment toward to ethic investments consideration; manager use this Ethic Rating to screen securities for portfolio selection" (Fischer and Khoury, 2007). Ethics rating emitted by rating agency can evaluate firms' past environment performance and environmental management and moreover, they can consider future tendencies (Chatterji *et al.*, 2007).

Rating ethics with their models and methodologies balance the level of environmental and and social investment risk with the company's managerial and financial capacity to manage that risk successively and profitable into the future. The risk could be an opportunity when it is managed appropriately and considered in their strategies. Business organization's performance is affected by their strategies in the market and in the not market environments,

(Orlitzky, et al., 2003). Firms in the Rating Ethics are evaluated for their strategies and management to harness the market's potential for sustainability products and services while at the same time successfully reducing and avoiding sustainability costs and risks and acting more socially responsible (KPMG, 2008)

The rating agencies used differences methods that evaluate social, economical and environmental company's performance focused on international principles, which include: (1) Sector overview (identification of the sectors risk and opportunities), (2) collection of research data (sources annual report, social report...), (3) Interview with the company (4) The model (qualitative and quantitative analysis), (4) final product AAA-CCC⁴⁰. Moreover, the role of the analyst is an important part of the ethic rating analysis. The selection of the analyst with appropriate expertise and knowledge to review the information plays a fundamental part. It is important to consider that before to do ethics rating some companies are excluded, because they are in industrial sectors as: Tobacco Producers, Companies manufacturing either whole, strategic parts, or platforms for nuclear, weapon systems, owners or operators of nuclear power stations and companies involved in the extraction or processing of uranium. In real praxis, some methods and methodologies used by FTSE4Good⁴¹ Index exclude companies which, operate in the sector mentioned previously. There are some basic criteria to analyze information in the rating ethics: (1) *Company Citizen*: This is related to mission, vision, values, principles, code of ethics, strategies, commitments, strategies and so on. (2) *Corporate Governance*: Corporate governance refers to the policies and rules for corporations operations. (3) *Environmental criteria*: Those criteria are designed to evaluate and motivate companies to reach good environmental practices. Those criteria evaluate companies that are doing more to manage their environmental risks and impacts, reducing their environmental footprint. The methodologies used by SAM Agency in the Dow Jones Sustainable Index⁴² consider criteria regarding to social, economical and environmental dimensions: corporate governance, risk & crisis management, codes of conduct/ compliance/ and corruption, environmental performance, environmental reporting, human capital development, labour practices indicators and corporate citizenship, and others, that are weighed and scored. In the Dow Jones Sustainable indexes methodology, environmental,

⁴⁰ *Innovest rating methodology*, available at: http://www.csrwire.com/pdf/Research_Rating_Methodology.pdf accessed January 15th, 2012).

⁴¹ http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp

⁴² <http://www.sustainability-index.com/>

sustainable reports or CSR reports are very useful information sources for gathering information for the rating.

Research context and methods

Colombia is a country that has been developing and growing very fast in the last years; in terms of CSR, it has been developing some initiatives, but in the literature reviewed until now, still little information have been published in the CSR topic. For this reason this research is addressed to evaluate 26 Colombian listed companies in the Bogota Stock Exchange that are part of the IGBC index. The Colombian listed companies were reviewed and analyzed in their CSR initiatives, based on Ethic Rating. The Bogota stock exchange is an efficient operated stock market; recently, there is an initiative and an agreement to work collaboratively with Chilean and Peruvian stock exchange in a project called MILA, in that way, it is expected that company's standard operations improve in financial aspects, but also toward to CSR and for their performance could be evaluated. In this investigation the ethical rating and its methodology relies on ISO 26000 criteria. The research is addressed to understand how the Colombian firm's performance is: in terms of CSR disclosing initiatives and public information. CSR reports and financial reports are analyzed according to the 7 criteria of the ISO 26000 and sub categorization. The companies selected from Colombian index are a mix of national and multinational firms. The firms investigated covered several industrial sectors financial sector banks and investments, cement sectors, mining sector, textile sector, food and mining, oil and others. It is very interesting to see that the Stock Exchange Company is also listed. The following Table. shows the companies analyzed and the industrial sectors:

Tabla 1. Industrial Sectors

Sector	Bank sector	Investment Groups	Mining Construction and cement	Energy and Telecommunication	Retails	Textil sector	Food & Beverage
1	3	11	3	3	1	3	1
Ecopetrol	Bancolombia S.A	Grupo Inv Sudamericana	Cemento Argos S.A	ISAGEN	Almacenes	Fabricato	Grupo Nutrensa Nacional-
	Banco de credito Colombiano-HELM	Inversiones Argos	Tablematic	ISA	Exito	COLTEJER	de Chocolates
	Banco de Bogota	Bancolombia S.A	Mineros S.A	ETB		ENKA	
		COLINVERS, CORFICOLCF					
		GRUPOAVAL, INTERBOLSA					
		Bolsa de Valores de Bogota					
		Corporacion fin. Colombiana					
		VALOREM					
		Bolsa Nacional Agropecuaria					

Methodology for the rating:

In our research we are trying to answer the question: how could we measure CSR using Ethic Rating? In general, there are some basic steps for evaluating companies using Ethic Rating methodology -CSR performance- that could be categorized on: Qualitative part, quantitative part and continuous *rating verification*: *Qualitative part covers the (1):* Recollection of information and *(2) Information analysis. Quantitative Part: (3) The creation of the model and (4) Rating emission and continuous rating verifications Part involve: (5) Monitoring and Re-classification and (6) Education and training* (Vargas, , 2011). In action the Aei rating agency uses 15 criteria for the (ER) based on UN, European Union and OEDC international principles. For instance: human rights, environmental criteria, governance and politics, relations with developing countries in others (Aei, 2012). Our ethics rating methodology follow these steps: (1) Recollection of information, (annual and sustainable reports were analyzed for Colombian companies listed in the IGBC index based on ISO 26000 CSR criteria), (2) Analysis of information, (3) Creation of the model, (4) Rating emission; with these steps, the qualitative and quantitative part is covered. Qualitative Part 1: **Recollection of information**: In this part the gathering source of information was annual, CSR/sustainable reports, approximately, 130 reports were evaluated between the year 2006 to 2010, based on ISO 26000 criteria, the information was codified in an Excel sheet. **Analysis of information**: First of all a content analysis method was carried out to review the information that companies disclosed in their CSR/sustainable report or annual report, and in that way the quantitative aspects were covered. Then the confrontation of information and scoring systems were done in order to quantify the company performance and to allocate the firm in each categorization with the objective to give the rating ethics. Using a content analysis method the Colombian Index listed companies were investigated and in a period of 5 years. A total of 26 companies were evaluated. "Content analysis (CA) is the only method of text analysis that has been developed within the empirical social science", (Bauer, M & Gaskell, G., 2000). Particularly, content analysis gives some text characteristics and numerical descriptions, statistics about the text content, for instance author's thought, qualities of the document and distinctions (Bauer, M & Gaskell, G., 2000), concepts and information; the content analysis (CA) in most of the time is a subjective method because the content evaluation depends on the coder, the analyst, the person who is in charge of the text corpus analysis in the text. Today, more companies are communicating their social, environmental and economic initiative using sustainable reports. Moreover, "The reporting is necessary element of transparency that creates trust and informed consumerism" (Cohen, 2010, p. 23) and the evaluation of the report could be interpreted in a framework of common

language, in a language of international policy and standards. For that reason the variables and the categorization used in the content analysis, were focused on the following seven categorizations proposed by CSR international voluntary norm, ISO 26000, with the respective sub criteria:

Seven Categorizations: (1) Organizational Governance: The analysis information about shareholders rights was searched in the sustainable/CSR/annual reports. For instance, it was analyzed if stakeholders have the same voting rights. Additionally, it was investigated the inclusion of minority representatives in the supervisory board exits. Other aspects evaluated in the analysis were: if the company received national or international award or recognitions. (2) Human rights: In this section, it was evaluated if the company deals with some international issues such as: fundamental principles of right at work such ILO considerations, and how companies deal with the topic of discriminations and vulnerable groups and economical, social and cultural rights. (3) Labor practices: This categorization is addressed to verify what especial considerations corporations have regarding to employees in labor environments, how are employees and employers relationship? Are there good conditions of work and social protections, social dialogue, health and healthy working places, human developing and training plans in the work place? Some issues such as: diversity and opportunity gender at work, flexible work time, satisfaction surveys to employees, and examples of accidents at the work place were contemplated. (4) Environmental: In this part it was analyzed what especial aspects the firms consider in terms of environmental issues: Are there some indexes? For instance: measured water consumptions, energy, and emission. Are there some environmental management systems or certification to environmental systems such as example ISO 14000? And how firms manage the topics of preventions of pollutions, sustainability resource use, climate change adaptations and protections of the environment, restorations of the natural habitat and the topic of biodiversity? (5) Fair operating practices: In this item it was evaluated how companies deal with the topic of anticorruption, fair competitions, supplier selection and evaluation, view of human rights, fair trade and promoting CSR with their suppliers. (6) Consumer issues: In this categorization we wanted to determine aspects regarding to customers for instance: sustainable consumptions, protections of consumers in health and safety, customers' dialogue: satisfaction survey, considerations for disadvantages customers, persons and groups and quality management systems. (7). **Community involvement and development** In this section it was analyzed the firms contributions to education, health, cultural programs, poverty reduction, if they make donations or grants, if firms have foundations making contributions to social and cultural projects, if there is information about their positions facing bravery and corruption, technological development and social investments.

Quantitative part (2): **Creation of the model:** In this part of the methodology the variables and sub variables with the characteristics were weighted. The weighting for each criterion was the total addition (Sum) value of the sub-criteria that was based on the accumulating scoring. The FTSE4GOOD index⁴³, which helped us to understand better how to proceed in this part is based on scoring system from 1-5 as the rating emitted in the FTSE4GOOD Index in the categorization of environmental 40 companies best European practices as follows: (5) Best practices; (4) Goes beyond good practices; (3) Good practices; (2) Meet some elements of good practices. Then statistics are applied to evaluate how companies are located in the categorizations. **CSR scoring:** In the scoring system sections, the quantitative data were codified giving some values according to the information that was disclosed in the report and compared according to the ISO 26000 international standards. In some of the categorization it was used binary numbers 0/1 if there is CSR information = 1 if not 0. But additionally a number 2 was used to indicate if the company performance does more in addition. It means that some categorizations and sub categorizations, it was assigned scoring and weights of 0/1/2 to quantify the quantitative information, depending on the amount and clarity and in the way in which the information was structured. In other words, the sustainable, CSR and annual reports information related with each ISO 26000 category and subcategory were searched and scoring. For example: in the categorizations of environment in the sub-categorizations of key indexes the scoring was assigned in the following way: there is no information 0, if only they presented 1 or 2 indexes of sustainability related with gas emissions, way of recycling, electricity and water consumption, CO2 in others, the score was 1; and if they presented more than 2 indexes the scoring was 2. Moreover, for the indexes the GRI standards framework was considered as a referent point. The following table shows the weighted code system used in this investigation. The scoring system leads to the weight (this is a total of the sub categorization)

Table 2. Weighting ISO Criteria

ISO 26000 Criteria	Weighting (%)
Corporate Governance	3.0
Human rights	4.0
Labour practices	5.0
Environmental	5.0
Fair operating practices	4.0
Customer	3.0
Community	2.0

⁴³ http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp

Rating Emission

In this part the rating emission relies in the quantitative part, some basic statistics to determine the final score and categorizations were carried out. A classification is made using the table 2 A Rating categorization/section was done according to the score, which is based on the weighted model analysis allocated on levels-categorizations that is the final product; the highest level is the maximum categorization, which is the ideal Model. According to the AEI European Agency of Investment a rating classifications final product could be set up EEE, (model) EEE- EE+ EE, EE- (media average), E+, E, E- under the media (Aei, 2011). We take into consideration the same convention for this investigation. Then a distribution of points was used to establish the classifications, divided in 5 scores considering that the maximum score of the rating could be the ideal model (26 points), that means that companies have been covered all aspects or criteria. . The following table 3 shows how we establish the Ethic Rating:

Table 3 Rating categorization (levels)
ERMMM: Ethical Model: Points 26 A company with ideal standards of CSR, the model, well-identified aspect (1) Organizational Governance, (2) Human Rights, (3) Labor Practices, (4) Environment, (5) Fair Operating Practices, (6) Consumer issues, (7) community involvement and development
EMMM : A Company with system of scores between 20-25 Points
EMM : Company with system of scores between 16-19 Points: EM : Company with system of scores between 11-15 Points
EMM- : Company with system of scores between 6-10 Points
EM- : Company with system of scoring between 0-5 Points
ERMMM+ = Model Company; EMMM += Excellent Company; EMM+= Good Company; EM = Regular performance and EMM- = Need to improve EM-= Need to improve significantly

Empirical Findings

In Colombia, a country with a GDP growth of 5.9 % in 2011 (The World Bank, 2012), several businesses are created as a family business and then became corporations with strategic investment in their core business (Gutiérrez & Pombo, 2009) and in the last years the concerns in CSR have been increasing and companies include CSR in their strategies. In the topic of CSR, firms have been playing a significant role on the solutions of some social problems, because of the limitation of government on fulfilling the needs to alleviate the social problematical situation (Peinado, V, E, 2006). Businesses have been making significant contribution in the topic combining profit, financial performance in order to

decrease poverty with several Corporate social responsible initiatives (Peinado, , 2006). Businesses are disclosing-reporting more and more CSR initiatives. It is possible to notice this increasing on CSR communication and performance in this Ethic Rating analysis of the 26 listed companies in the Colombian stock exchange IGBC index. This investigation relies in the point that the Colombian Companies information disclosed in the sustainable report is trustable for the rating emission. In the IGBC index, Colombian listed companies can be identified by a company's name and "Nemotecnic"-description; in the analysis it was observed that some companies such as: Colombian Banks, appear twice in the index with different "Nemotecnic"-description: (Bancolombia: Nemotecnic PFBCOLOM and BCOLOMBIA), probably it is because they have separately businesses activities, but we found that they have only one CSR report for both. Therefore, they obtained the same CSR scoring, which is very low in the years: 2006 and 2007 but very high on 2008 (scoring of 17 points), 2009 and 2010 (scoring of 18 points); it could be explained because since 2008, the firm adopted GRI norms. Moreover, it was found that the Colombia Stock Exchange: "Bolsa de Valores de Bogota" is one company that is a part of the index, and its CSR performance for the years 2006-2008 was very low, then in 2009 the score increased to 14 points and in 2010, was 15 points. In the evaluation most of the Colombian listed companies in the index IGBC are located in the EM- Ethic Rating categorization that means that they need to improve significantly in CSR performance: In 2006 (17 companies), in 2007 (13 companies), in 2008 (11 companies), in 2009 and 2010 (8 companies); comparing the year 2006 to 2009-2010 the number of firms in this EM- categorization have been decreasing by almost the 50% and moving to higher CSR performance classification. In general every year the companies improve in CSR reporting. No company reach the Ideal Model according to its scoring. In 2010 companies that are reporting with ISO 26000 guidelines and GRI: ECOPETROL and ISAGEN- the two companies that perform better in the group-, almost reach the Ideal Model of 26 points, they obtained 25 points in the scoring. ISAGEN a firm that commercializes and produces electrical energy was since 2007 already located in the categorization EMMM=Excellent company with high scores: 2007 (23 points), 2008 (24 points), 2009 (24 points) and 2010 (25 points). ECOPETROL that is in the Oil Sector, since 2009 with 22 points is in the same categorization EMMM= Excellent company categorization. Other companies that also are in the same level and which, perform well are CEMENTOS ARGOS, in the sector of Cement, Mining and constructions, for this company the score in 2006 was very low, no report in CSR= EM-, then in 2007-2008 increased to 20 points, and in 2009 to (21 points) and in 2010 to 22 points. INVERSIONES ARGO, in the sector of investments is part of the same group and has the same score. The GRUPO NUTRENSA-NACIONAL DE CHOCOLATES in the food sector has been increasing in CSR performance: in 2006 obtained (13 points) in 2007(20 points) in 2008 (21 points) and in 2009-2010 (22

points). ALMACEN EXITO a retail firm, even though this company did not report CSR issues for the years 2006-2007 (0 points), then in the years 2008 registered (19 points), then in 2009 (20 points), and in 2010 (21 points); an increasing in the performance on CSR was notable during the last two years 2009-2010. When, ISAGEN began in the year 2006 in the categorization: EMM = Good company and in the year 2007-2010 reached the level EMMM= excellent company, during this time labour standards were increased, but also it is important to mention that the firm since 2005 added to UN Global Compact principles and have been reporting with GRI principles. Additionally, ISAGEN since 2004 was certificated in the international norms ISO 9001, systems of quality, since 2004 adopted ISO 14001: environmental management. Moreover, since 2010, the company is participating in others global initiatives of millennium objectives and ISO 26000. The company obtained an award from CODESARROLLO to the performance second place, in the categorization to Company environmental performance, a national award in 2006 and in 2009 ANDESCO recognition to CSR "Responsible enterprise" the best firm of public services with higher environmental management. Since 2006, the company leads a social project to recover the Central Boilers and nearby village that for many years were victims of violence, and work with UN initiatives to reduce poverty. Since, 2006 the firm also, made all changes to incorporate Good Governance Code according to the Law, 964 of 2005 "Ley de Valores". Other company such as: ECOPETROL with also with highest performance, EMMM= excellent in 2009-2010. Since 2006 it has published a Social Responsibility Report and it is under the guidelines of GRI (G3). The company has a strategy for Corporate Social Responsibility that starts with listening and stakeholder's needs identification and expectations. In 2009 and 2010, ECOPETROL presented the sustainability report followed by GRI, G3 standards, with attention to the ISO 26000 guidelines for Corporate Social Responsibility. Moreover, the company has good corporate governance: In 2007 obtained recognition by the firm BCR investor Service S.A, which scores its quality of Corporate Governance practices with BCR G2+. It was the 2 highest score. The company has a good organizational work environment, obtain a score of 63, 9 in 2008 and 70, 7 in 2009 and increasing in 2010, in the survey of Great Place to Work. Since 2008, the firm is working with native -indigenes- and black communities in the areas in which the firm operates, moreover the firm supports project addressed to ethnic communities. The firm is also working in several activities addressed to protect the life and integrity of the people and to guarantee a minimal quality of life levels in the communities in which they operate: human right divulgation, working and protection of the life of labour union leaders. Programs to prevent criminality: the corporate governance followed by the best practices of corporate governance provided by the "Corporación Financiera Internacional (IFC), and (OECD)" and the previous in the resolutions "Resolución 275 de 2001, Law 964 de 2005 and Código País", it is a regulatory framework and gives

transparency and competitive in the firm management. In 2010, there is an especial issue in which it is mentioned the gratitude to the military soldiers that protect ECOPETROL infrastructure and it is remarket the workshop initiatives training soldiers in topics of: project life development, management of the emotions, team work and technical aspect oil productions, and issues regarding to health. In 2009 ECOPETROL and the UNION established collective convention that included a committee of human rights and several indicators of environmental measures. ARGOS which in 2008 Add to UN global impact and GRI reporting initiatives, increases the level from the lower categorization EM- to t EMM and remains in the same category in 2007 and 2008 and in 2009-2010 reach the level of EMMM= excellent company: during 2010, the company was invited to be part of world business council for sustainability Development: WBCSD, the company has a very good initiatives about Sustainable Cement. The firm was evaluated in the Dow Jones Index for sustainability, DJSI and in 2010 the score increased in 9 points with respect to the year 2009, and higher that the Industrial average. Index of sustainability was developed using the initiative of GRI and Global Compact, UN. In 2010 the company was measure by the Great Place to Work institute, and for CSR have been receiving several national prices. On the other hand, Grupo Nutrensa-National de Chocolates in the food and beverage sector began in the year 2006 in the categorization EM= regular performance, in the year 2007 reach the level EMM good company and in the years 2008-2009-2010 the EMMM= Excellent company. The GRUPO since 2008 has been reporting its sustainability report with indicators according to Global Reporting Initiative (GRI), G3 and in 2008 also the Group was part of the “Consejo Empresarial Colombiano” for sustainable development -CECODES, and part of “Consejo Mundial Empresarial para el Desarrollo Sostenible” –WBCSD, in 2010 adopted Global Reporting Initiative – GRI, Grade con A+, Maximum score in the sustainability report: GNCH 2010 and SAM categorizations in bronze. The Group present environmental system based on ISO 14001/2004 certification and quality management system based on ISO 9001/2000. On the other site, the group of Mineros was a company that maintains the same CSR level during the 5 years, and was allocated on EM= regular company categorization. BANCOLOMBIA in the financial sector starts with very low ethical rating in 2006 (5 points) and in 2007 decreased to (3 points) but in 2008-2009-2010 increased very well the performance to (16, 18, 18 points respectively). Another company INTERCONEXION ELECTRICA, in the utility sector was very constant in the performance: 2006-2010 obtained a score of (16, 17,18,20,19 points respectively) a good performance: EMM= good performance during the 5 years. Others companies were located in the categorization EMM- and EM- those companies need to improve and improve significantly respectively: See Table 4 for Rating Emission:

Table 4 Rating Emission,

Ethic Rating	2006	2007	2008	2009	2010
Ideal Model ERM					
EMMM		ISAGEN S.A ESP	7. ISAGEN S.A ESP,13 GRUPO NACIONAL DE CHOCOLATES	1.ECOPETROL, 7. ISAGEN,4.CEMENTOS ARGOS, 5.INVERSIONES ARGO, 13.GRUPO NUTRENSANACIONAL DE CHOCOLATES	1. ECOPETROL,7. ISAGEN,4.CEMENTOS ARGOS,5.INVERSIONES ARGO,13.GRUPO NUTRENSA-NACIONAL DE CHOCOLATES, 8.ALMACEN EXITO
EMM	7. ISAGEN S.A ESP,10. INTERCONEXIONELECTRICA	1. ECOPETROL,4. CEMENTOS ARGOS S:A,5.INVERSIONES ARGOS S.A,10. INTERCONEXION ELECTRICA,13 GRUPO NACIONAL DE CHOCOLATES	1. ECOPETROL,2. BANCOLOMBIA S.A,4. CEMENTOS ARGOS S:A, 5.INVERSIONES ARGOS S.A, 6. BANCOLOMBIA S.A,8. ALMACENES EXITO S.A,10.INTERCONEXION ELECTRICA	2.BANCOLOMBIA S.A,6.BANCOLOMBIA,8. ALMACENES EXITO,10.INTERCONEXION ELECTRICA,20.BANCO DE CREDITO	2.BANCOLOMBIA S.A,6.BANCOLOMBIA,10.INTERCONEXION ELECTRICA,20. BANCO DE CREDITO,21.BANCO DE BOGOTA
EM	13 GRUPO NACIONAL DE CHOCOLATES,22 MINEROS S.A,1. ECOPETROL	22 MINEROS S.A	22 MINEROS S.A	9. EMPRESA DE TELECOMUNICACIONES DE BOGOTA S.A ESP 11 COMPANIA COLOMBIANA DE INVERSIONES,17 BOLSA DE VALORES DE BOGOTA, 22 MINEROS S.A	11 COMPANIA COLOMBIANA DE INVERSIONES,17 BOLSA DE VALORES DE BOGOTA,22 MINEROS S.A,24 ENKA DE COLOMBIA
EMM-	9. EMPRESA DE TELECOMUNICACIONES DE BOGOTA S.A ESP,11 COMPANIA COLOMBIANA DE INVERSIONES,12 FABRICATO	3.GRUPO INVERSIONES SUDAMERICANA,9. EMPRESA DE TELECOMUNICACIONES DE BOGOTA S.A ESP,11 COMPANIA COLOMBIANA DE INVERSIONES,12 FABRICATO,17 BOLSA DE VALORES DE BOGOTA,21 BANCO DE BOGOTA S.A	3. GRUPO INVERSIONES SUDAMERICANA,9. EMPRESA DE TELECOMUNICACIONES DE BOGOTA S.A ESP,11 COMPANIA COLOMBIANA DE INVERSIONES, 21 BANCO DE BOGOTA S.A ,24 ENKA DE COLOMBIA	3.GRUPO DE INVERSIONES SUDAMERICANA,21 BANCO DE BOGOTA S.A ,24 ENKA DE COLOMBIA	3.GRUPO DE INVERSIONES S.A 9. EMPRESA DE TELECOMUNICACIONES DE BOGOTA S.A ESP
EM-	2. BANCOLOMBIA S.A ,3. GRUPO INVERSIONES SUDAMERICANA,4. CEMENTOS ARGOS S:A,5. INVERSIONES ARGOS S.A,6. BANCOLOMBIA S.A 8. ALMACENES EXITO S.A ,14 CORPORACION FINANCIERA COLOMBIANA,15 GRUPO AVAL ACCIONES Y VALORES,16 TABLEMAC S.A,17 BOLSA DE VALORES DE BOGOTA,18 COMPANIA COLOMBIANA DE TEJIDOS S.A,19 INTERBOLSA S.A,20 BANCO DE CREDITO DE COLOMBIA ,21 BANCO DE BOGOTA S.A ,23 BOLSA NACIONAL AGROPECUARIA,24 ENKA DE COLOMBIA,25 CORPORACION FINANCIERA COLOMBIANA S.A,26 VALOREM S.A	2. BANCOLOMBIA S.A ,6. BANCOLOMBIA S.A ,8. ALMACENES EXITO S.A,14 CORPORACION FINANCIERA COLOMBIANA,15 GRUPO AVAL ACCIONES Y VALORES,16 TABLEMAC S.A,18 COMPANIA COLOMBIANA DE TEJIDOS S.A,19 INTERBOLSA S.A ,20 BANCO DE CREDITO DE COLOMBIA ,23 BOLSA NACIONAL AGROPECUARIA,24 ENKA DE COLOMBIA,25 CORPORACION FINANCIERA COLOMBIANA S.A ,26 VALOREM S.A	12 FABRICATO,14 CORPORACION FINANCIERA COLOMBIANA,15 GRUPO AVAL ACCIONES Y VALORES,16 TABLEMAC S.A,17 BOLSA DE VALORES DE BOGOTA,18 COMPANIA COLOMBIANA DE TEJIDOS S.A,19 INTERBOLSA S.A ,20 BANCO DE CREDITO DE COLOMBIA ,23 BOLSA NACIONAL AGROPECUARIA,25 CORPORACION FINANCIERA COLOMBIANA S.A ,26 VALOREM S.A	12 FABRICATO,14CORPORACION FINANCIERA COLOMBIANA,15 GRUPO AVAL ACCIONES Y VALORES,16 TABLEMAC S.A 18 COMPANIA COLOMBIANA DE TEJIDOS S.A,19INTERBOLSA S.A 23 BOLSA NACIONAL AGROPECUARIA 25 CORPORACION FINANCIERA COLOMBIANA S.A 26 VALOREM S.A	12 FABRICATO 14CORPORACION FINANCIERA COLOMBIANA 15 GRUPO AVAL ACCIONES Y VALORES 16 TABLEMAC S.A 18 COMPANIA COLOMBIANA DE TEJIDOS S.A,19INTERBOLSA S.A 19 INTERBOLSA S.A 23 BOLSA NACIONAL AGROPECUARIA 25 CORPORACION FINANCIERA COLOMBIANA S.A 26 VALOREM S.A

Moreover, 3,85% of the companies in the year 2007 performed excellent, they are located in the level EMMM= excellent company, and 7,69% in the year 2008 also, and in 2009-19.23% and in 2010-23.08% as well and the percentage of the companies increased 3 times in the last year. Similarly, 7,69% of the companies in 2006, 19,23% in the 2007, 26,92 in 2008 and 19.93% in 2009-2010 were located in EMM= good companies. The reason why companies need to improve significant or improve is because, they do not have CSR reporting or in the annual report there is little information about CSR, or there is not disclosed information or any kind of report was found. For instance, for ARGOS it was not found any kind of reports for the year 2006, but in 2007, 2008, 2009, and 2010 the company performs very well in CSR and discloses several information regarding CSR. The following table shows the Ethic Rating statistics regarding to companies categorization year by year in numbers and perceptual values.

Table 5: Ethic Rating Emission Statistics

Ethical Rating	2006		2007		2008		2009		2010	
Ideal Model EMMMM=26	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
EMMM : Points 21-25	0	0.00%	1	3.85%	2	7.69%	5	19.23%	6	23.08%
EMM: Points 16-20	2	7.69%	5	19.23%	7	26.92%	5	19.23%	5	19.23%
EM Points 11-15	3	11.54%	1	3.85%	1	3.85%	4	15.38%	4	15.38%
EMM Points 6-10	3	11.54%	6	23.08%	5	19.23%	3	11.54%	2	7.69%
EM- Points 0-5	18	69.23%	13	50.00%	11	42.31%	9	11.54%	9	34.62%
Total Companies	26	100.00%	26	100.00%	26	100.00%	26	100.00%	26	100.00%

Table 6 presents relevant information about CSR initiatives regarding to corporate governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development, that represents in general the company disclosing information during the 5 years: 2006-2010 which is CSR information linked to the ISO 26000,

Table 6: Basic company's characteristics ISO 26000 Criteria for the rating

General Company ISO 26000 description		
ISO 26000 Criteria	Companies CSR general issues	
	2009	2010
Corporate Governance	- One share one vote (information in the annual report)	One share one vote (information in the annual report) ISAGEN Since 2010, the company reports that is supporting and participating in others global initiatives of millennium objectives and ISO 26000 in corporate social responsibility. ECOPETROL is using ISO 26000 integrated with GRI standards. -Companies Follow the regulation according to "Super Intendencia Financier" external communication-No. 062 in order to prevent "Cleaning Assets and economical support to terrorisms "
Human rights	In 2009 Ecopetrol and the Union established collective convention that included a committee of human rights and several indicators of environmental measures	ECOPETROL: In 2010, there is especial issue in which it is mentioned the gratitude to the military soldiers that protect the Ecopetrol infrastructure and it is remarket the workshop initiatives to training soldiers in topics such as projects life development , management of the emotions, team work and technical aspect oil productions, and issues regarding to health.
Labor practices	-Initiative in the direction to the employee and his /her family wealth	Benefits not only for employees but also for the family (plans of education) -Initiative in the direction to the employee and his /her family wealth. -ARGOS In 2010 the company was measure by the Great Place to Work institute, and for CSR have been receiving several national prizes.
Environment	ISO 14000 certifications ISAGEN: In 2009 the company obtained a National recognition by ADESCO, such as the best firm of public services with higher environmental management with respect to other companies which participated in the event; Moreover, in the same year, the firm received a national prize: The second place in the categorization to environmental management by CODESARROLLO	Sustainable report ARGOS during 2010 was invited to be part of world business council for sustainability Development: WBCSD, the company has a very good initiative about Sustainable Cement. Companies evaluated in the Dow Jones Index for sustainability, DJSI and in 2010 the score increase in 9 points with respect to the year 2009, and higher that the Industrial average. Index of sustainability were development using the initiative of GRI and Global Compact, UN

Fair operating practices	-Internal Controls to prevent the corruption - Implementation of index of transparency to prevent corruption.	Internal control to prevent corruption	
Customer			
Community	-Creation of educational systems and sport scenarios in rural areas -Investment in ethic (aborigine) education and culture preservation	Working with the community in social project Micro-credit	
	2006	2007	2008
Corporate Governance	- One share one vote (information in the annual report) -Isagen in 2006 obtain an award from CODESARROLLO to the performance second place in the categorization to Company environmental performance and the award ANDESCO to CSR.	One share one vote (information in the annual report)	One share one vote (information in the annual report) CSR model- CSR management cycle. Code of ethics Investor and Shareholder Relations Office (where minority request are attendant -Sustainable strategical model
Human rights	Developing workshop in communities regarding to pace and human rights (there are commission for human rights)	Developing workshop in communities regarding to pace and human rights (there are commission for human rights) -Global compact principles (sud-americana) -Argos (GRI) Nondiscrimination in sex, age and origin. UN	-Human right divulgation -Working and protection of the life of labour union leaders -Programs to prevent criminality -Ethical line of reporting bribery and corruption. -Global compact. Issues related to "lavado de activos" and controlling issues of terrorisms economical support. -global compact
Labor practices	-Initiative in the direction to the employee and his /her family wealth	Benefits not only for employees but also for the family (plans of education)	The Foundation have their own High school to educate the employees' sons and daughter (Bancolombia) -Initiative in the direction to the employee and his /her family wealth

		-Initiative in the direction to the employee and his /her family wealth	
Environment	ISO 14000 certifications	-ISO 9001 Certification Isagen has diferente report for Environment and for CSR "responsabilidad social de la empresa"	-CO2 emissions, EN8 -Trees reforestation -Recycling measuring, -paper consummations measuring, -Water consummations. -Internal program of eco-efficiency.
Fair operating practices	-Internal Controls to prevent the corruption - Implementation of index of transparency to prevent corruption.		-Microcredit for small suppliers. Suppliers -Implementation of Control systems: NTC 6001, ISO9001, OSHAS 18000, RUC
Customer			ISO 9001-200 Certification Especial services to entrepreneurial. Especial office to bring good services to customers
Community	-Creation of educational systems and sport scenarios in rural areas -Investment in ethic (aborigine) education and culture preservation		- Company's Employee stimulation to work in social projects developed by them. -Support to created educational systems and sport scenarios in rural areas -Employees voluntary work way improving life conditions of people in detrimental and poor disadvantage. Social projects and events: for instance: breast cancer event with divulgation and information; Social project called <i>give you my hand</i> giving dry food and clothes to people who are victims of the flood disasters in strong raining conditions (Ban-Colombia)
Others			-GRI, G3 standard and Global Compact standards (Ban-Colombia, Exito, Argos) -ISA Global compact pact

Discussion and Conclusions

This investigation presents a way to measure Corporate Social Responsibility Performance, CSR-performance using Ethic Rating analysis which is based on a quantitative and qualitative methodology, recollection and analysis of information, rating model definition and rating emission; steps that are based on the ISO 26000 criteria for the rating in Colombian listed companies in the Index of IGBC. In general it was noticed that Colombian companies have been increasing in CSR performance year by year; CSR is gaining importance in the country and among multinational in the last past years, (Lozano, 2012). At institutional level the country and also companies are adopting international standards: Colombia is in the process to be part of the Organization for Economic Co-cooperation and Development, OECD agreements. On the other hand, the policy and regulation in the country facilitates CSR development: for instance in terms of corporate governance: the “CONFECAMERAS”: Association of the Chamber of Commerce produced the first best practices code in 2001 for public firms. The Colombian regulator, “SUPERINTENDENCIA DE VALORES” (today SUPERINTENDENCIA FINANCIERA)” with the resolution 275/2001 requires that all firms with listed securities and will receive funds from pension funds, produce a governance code. In 2005 the Republic Congress established the Law of the securities market (Law 964) with set up board guidelines for public firms and the conditions to be met by independent board members. Finally in 2007 the “Superintendencia” adopted a country governance code and demand to answer a Governance survey,Codigo Pais survey, about their compliance (Benavides J & Mongrut S., 2010). In term of environmental policy since 1998 the Colombian government has supported a national industry program that encourages the adoption of environmental management systems (Fox T. et al., 2012); policy that is reflected in the ethical rating performance.

In the rating emitted for Colombian listed companies in IGBC index, ISAGEN and ECOPETROL are the firms with the highest ethical rating and scores, following by Nutrensa Group- Nacional de Chocolates, ARGOS, and ALMACENES EXITO. Other companies remain in the same categorization such VALOREM, in the financial sector, that during the 5 year was located in the EM- level, this company needs to improve significant in most of the ISO 26000 criteria and the firm INTERBORSA as well. It is important to mentioned that INTERBORSA with very low score 2006-2008 (0 points) and in 2009-2010 (1 point) went to bankruptcy in year 2012, and brokerage to be liquidated for poor management performance (Murphy and Bocanegra, 2012) and corruption, it could confirm that poor CSR leads to poor management. Thus, in general Colombian companies are increasing in their scoring year by year with the tendency to move from one categorization below to one above, but a lot of work

by companies needs to be done in their compromises and in the direction to CSR, in order to reach higher standards. One reason why the performance in CSR is increasing could be because Colombian Companies are adopting GRI, G3 standards for reporting, UN Global compact principles, and ISO 26000 guidelines. But, as the statistics shows: there still 69, 23% of the company in the EM- categorization, in 2006, 50% in 2007, 42% in 2008, 11% in 2009 and 35% in 2010 which, need to improve their CSR performance.

The rating is a dynamic process; therefore, it is important to take into consideration that after the rating emission, companies should be monitored frequently and if it is possible daily. The monitoring process involves following companies continuously in CSR performance and economic, environmental or social issues. Additionally, because of this dynamic, it is very important to have a complete panorama; therefore, it is appropriate also to establish direct contact with the firms (further research), as a source of gathering information and feedback before and after of the rating emission; for instance to schedule meetings and review meeting with the managers to confront and get information more in detail. Moreover, the Corporate Sustainability Monitoring can lead that company's move from one categorization to another in the time. In addition, because the CSR rating ethics is a dynamic process, companies need to have continuity in their CSR practice and therefore, the ethical rating agencies could help them throughout education and training to go from one rating categorization to another and to engage their stockholders and improve they own companies standards of operations, and create spaces of discussion in the topic of sustainability. This education process may included the environmental NGOs, investors, labor unions and other public interest groups, and experts that continuously make training in the key aspects of corporate sustainability. In addition the Colombian Stock Exchange needs to push and motivate companies in the use of international standards of CSR and in the compromise to CSR practices.

For future researches, we plan to analyze, CSR performance of companies-Ethic rating analysis for the years 2011 to 2013 and to see if the Colombian stock exchange collaboration with Chile and Peru in a project called MILA has affected the CSR Colombian firm performance. Moreover, in the analysis, it is important consider that the rating ethics in sector such a mining has more impact on the environment than the financial sector, and it could be reflected in the weighing system.

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Corporate Sustainability Indexes: Ftse4good Index Report on Nestlé, Erkan Bil, Gülay Keskin, Aferina Skeja

Erkan BIL

*Gökçeada Vocational School Director
Çanakkale 18Mart University
erkan_bil@yahoo.com*

Gülay KESKIN

*Trakya University,
Institute of Social Sciences,
Business Administration
Department, Doctoral Student*

gulaykeskindr@gmail.com

Aferina SKEJA

*Trakya University,
Institute of Social Sciences,
Business Administration
Department, Doctoral Student*

aferina.skeja@gmail.com

ABSTRACT

Corporate sustainability and economic business activities are focused on the social and environmental impacts. In this sense, the economic activity created by the businesses is to pursue social and environmental impacts, and producing information related to these effects is essential for the formation of structure for a sustainable business.

Sustainability indices are structures edited on first generation sustainability indicators, which are structures constructed in order to share information with consumers and businesses. The most important benefits are improvements in transparency without the need for regulation of the sustainability index, better understanding of the social and environmental impact of companies and the guidance for arrangements to minimize the negative side effects of company activities.

FTSE4Good is a responsible investment index designed to help investors identify companies that meet globally recognised corporate responsibility standards. It is the only index of its kind since it includes specific criteria on the responsible marketing of breast milk substitutes.

Key Words: Corporate sustainability, FTSE4Good, Index, Nestle

Jel Classifications: G34

INTRODUCTION

Institutional sustainability performance measurement aims to embrace the environmental, social and economic aspects of the institutional sustainability. There can be problems in the reduction of these three dimensions to a single dimension. Multi-criteria decision making models provide a useful frame for the evaluation of these variables together.

Sustainability indices are an important tool used for the increase in the institutional transparency for shareholders, the increase of the brand value and business reputation in long term, the support of innovation, the risk management, the increase in the awareness and motivation of the workers, the withdrawal of long term funds with appropriate financial conditions, the creation of financial value via increasing the shareholder value and supplying the business sustainability including all these.

CORPORATE SUSTAINABILITY

Originally, sustainability is the property of being capable of being continued with minimal long-term effect on the environment (Akar and Çamlıca, 2014: 102). Another definition would be the one belonging to the World Commission on Environment and Development (WCED), which was set up as an independent body in 1983 by the United Nations, with the brief to re-examine the critical environment. WCED's aim was to develop proposals to solve environmental problems, and to ensure that human progress will be sustained through development without bankrupting the resources of future generations (Kesimli 2013: 2).

Institutional sustainability is accepted as the equivalent of approach of sustainability in operating level. For a proper sustainability implementation in companies, the economic, social and environmental parameters, which are the three sub-factors of sustainability, should be included in all the basic, strategic and operational process and decision making mechanisms of the companies (Öztel et al., 2012: 34).

Institutional sustainability is defined as the companies undertaking activities by harmonizing their products and services with the stakeholders of the institutions and creating economic, environmental and social values. When operating activities are accepted as one of the effective factors in shaping the economic, social and environmental opportunities and sources of today and tomorrow, the significance of the institutional sustainability in providing development in the long term appears (Çalışkan, 2012: 32).

MEASURING SUSTAINABILITY

Reaching sustainability is very closely associated with measuring the sustainability on an institutional or sectoral basis. The most important management tools used in the measurement of the sustainability are indicators. The indicators specified as a strategic objective in Agenda 21, accepted in Rio Summit of 1992 are basic tools used to complete a system, define the options for the development of this system and to measure the performance shown while using these options.

The indicators, which have an important role in converting the complex data sets into understandable units in decision making processes, are defined with regard to the three dimensions of sustainability (Erol and Özmen, 2007: 2). Indicator samples within these three dimensions are presented below (Teköz and Önce, 2007: 27):

Environmental Indicators: Water consumption, energy consumption, renewable energy sources, mitigation of waste, product and package recovery, global warming, noise pollution, environmental reporting system, etc.

Economic Indicators: Creating new employment opportunities, research and development expenses, supporting new investments, total sales, number of the personnel employed, and number of the shareholders, etc.

Social Indicators: In-service training and career awareness, participation of the employees in decision processes, union relations, employee turnover and dismissal, equal opportunities, discrimination, violence and abuse, occupational health and safety, complaint and disciplinary regulation activity, management activity of wages and personal rights, child employment, performance management activity, employee selection system activity, customer complaints, consumer health and food safety, investments made in social projects, etc.

Works with respect to adoption of the sustainability criteria by more financial institutions are performed considering competitive structure of the finance sector on the one side and based on cooperation and regarding the advantages of information sharing models on the other side. Financial institutions play an important role in increasing the number of real sector companies considering environmental and social factors in decision making processes (www.skdturkiye.org).

INSTITUTIONAL SUSTAINABILITY INDICES

An Index is an indicator for measuring the proportional change which consists of the movements of one or more variable(s). Share indices are the indicators which give general information about the "market performance" based on the share prices provided within the indices (www.borsaistanbul.com).

Sustainability indices, however, are the structures built on first generation sustainability indicators and formed on sharing information regarding the performance of the companies about these issues with the investors and consumers. Especially, in an environment where accessibility, reliability and comparability of the environmental, Social and Governance (ESG) data of the developing economies are questioned, mentioning the long-term investments is quite difficult. To eliminate this situation, non-profit institutions working on sustainability performance cooperate with the institutions in the developing economies and start to form and contribute to the formation of sustainability indices (www.s360blog.tumblr.com).

The most important advantage of the sustainability indices is to lead to improvement in transparency without needing regulations, to better understand the social and environmental effects of the companies and to be guiding for the regulations which will reduce the negative effects of the company activities (Çalışkan, 2012: 42).

Companies have not only economic responsibilities but social and environmental responsibilities, as well. It is seen that in operating level, institutional sustainability is associated with competition, innovation and marketing components at a high level. Looking at this aspect, any company can obtain an advantage of competition over institutional sustainability (Diaz et al., 2011: 762).

As a tangible tool of driving the issues such as inevitability of managing the change in business world for sustainable development, institutional sustainability, sustainable management of risk and opportunities, social and environmental values forward, the sustainability index serves for sustainable development across the country by providing advantages such as supplying capital and finance to companies, providing opportunity in attracting investment, and increasing reliability and recognition (www.ekoyapidergisi.org).

FTSE4GOOD INDEX

Financial Times Stock Exchange (FTSE), which is an index company active in the international field, is an organization established with the cooperation of Financial Times and the London Stock Exchange in 1995. Likewise, FTSE4Good index is a social responsibility investment index designed by FTSE, one of the world's leading index suppliers (www.arge.com).

The FTSE4Good Index Series, launched in 2001 has been designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards, as provided by the FTSE (Financial Times Stock Exchange) company, which is a company jointly owned by The Financial Times and the London Stock Exchange (Hussein, 2004: 24).

It comprises 23 markets covering the Global and European regions, the US, Japan and the UK and over 2,000 potential constituents. In the UK, the universe of eligible constituents is drawn from the FTSE All-Share Index. The FTSE4Good Index Series is a series of benchmark and tradable indices for responsible investors (Sun et al., 2011: 679).

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indices suitable tools to be used by a wide variety of market participants when creating or assessing responsible investment products. FTSE4Good indices can be used in four main ways (www.ftse.com/products):

- **Financial products** - as tools in the creation of index-tracking investments, financial instruments or fund products focused on responsible investment.
- **Research** - to identify environmentally and socially responsible companies.
- **Reference** - as a transparent and evolving global ESG standard against which companies can assess their progress and achievement.
- **Benchmarking** - as a benchmark index to track the performance of responsible investment portfolios.

Socially Responsible Investments (SRI) have a long and noble history, but have only grown to prominence in the recent past. In the beginning, SRI was treated as a fad by the wider finance community, a fad that would either disappear or confine itself to the fringes.

As of 2014, however, SRI investments account for 11% (\$3.74 trillion out of \$33.7 trillion) of assets under management in the US, and 27% (£1.235 trillion out of £4.5 trillion) of assets under management in the UK. Such widespread prominence puts it in a position that warrants closer scrutiny (Belghiter, et al., 2014: 54).

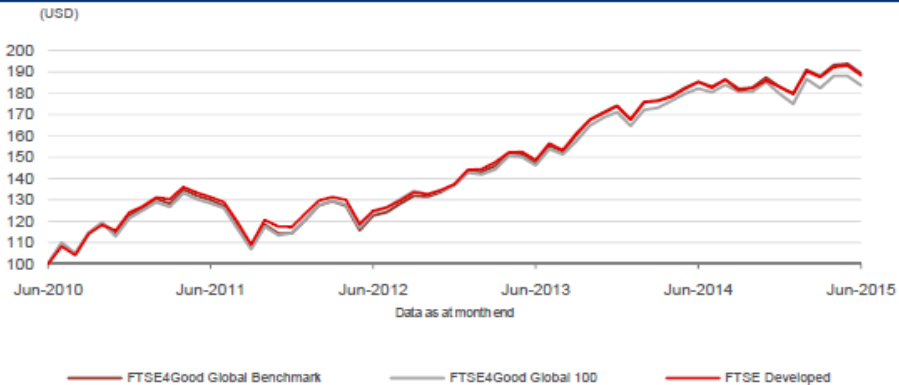
FTSE4Good comprises some benchmarking and trade indices which will facilitate investments in companies with social responsibility. The objective of the index series is to measure the performance and facilitate investments in companies with social responsibility. During the development of index, association is made with financial tools such as several funds and OTC derivatives. It is not produced in order to support any special fund or investment product. Indices are based on internationally accepted management rules and transparent and accepted index calculation methodology of FTSE (www.arqe.com).

FTSE performs index calculation together with Ethical Investment Research Service (EIRIS). EIRIS, which is a non-profit institution in England, provides research service for its members in the field of social responsibility. In the series, there are FTSE4Good Global index and separate indices for USA, England, Europe and Japan (www.tspb.org.tr).

As of September 2014, FTSE has implemented a new ESG assessment methodology and taken ownership of the underlying research process which underpins the FTSE ESG Ratings and form the basis for determining inclusion in the FTSE4Good Index Series (www.ftse.co.uk).

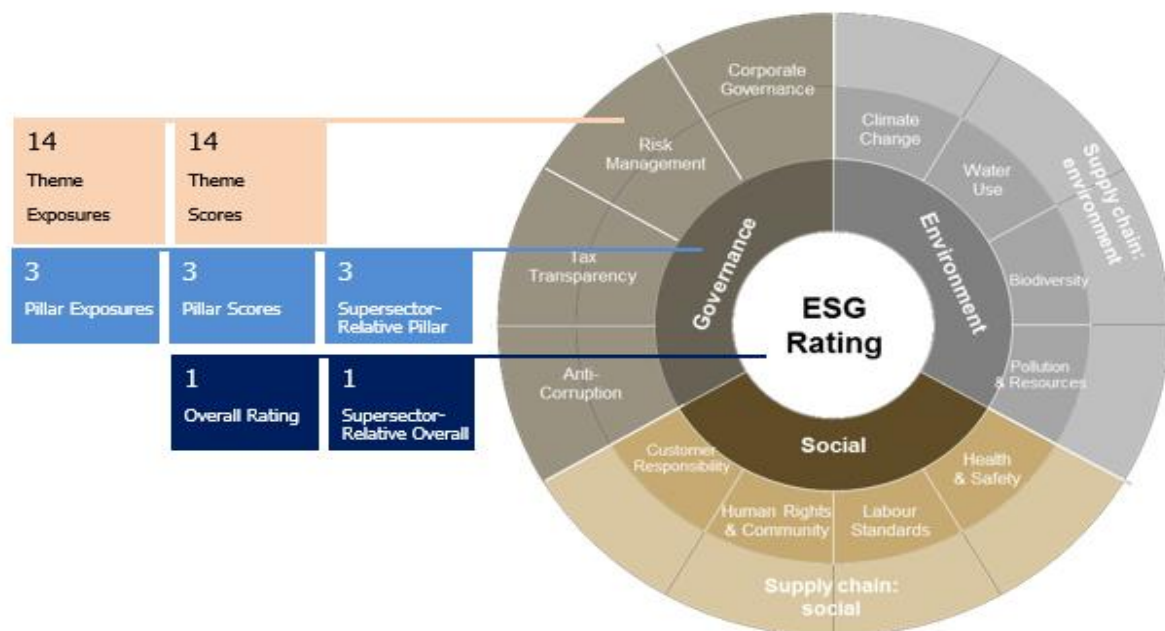
FTSE4Good benchmark and tradable indices have been designed to measure the performance of companies that meet globally recognised social responsibility standards, and to facilitate investment in those companies (www.ftse.com).

Table 1: Year Performance - Total Return (2010-2015)



Source: <http://www.ftse.com/Analytics/FactSheets/temp/d704dac7-4aed-445d-88ac-532210ffc8d5.pdf>

The criteria are based only on publicly available data, and in assessing ESG practice FTSE does not accept data or information privately provided by companies. This improves the credibility of data and enhances transparency across the market. The FTSE ESG Ratings also fall under the oversight of an independent committee comprising experts from the investment community, companies, unions and academia. They meet regularly to oversee ESG Rating reviews and methodology development (Index Inclusion Rules for the FTSE4GOOD Index Series, 2015: 4).



Source: Index Inclusion Rules for the FTSE4GOOD Index Series, FTSE, Version 1.6 June 2015.

FTSE4GOOD INDEX- 2014 REPORT on NESTLE

This information is taken from Nestlé’s official website (www.nestle.com):

- **In the World Nestle**

Nestle has grown with new products and categories stably in 146 years and has become the leader of the world’s food and nutrition sector. Today, Nestlé has operations in almost all countries around the world with approximately 500 factories and 330,000 workers.

The first meeting of Nestlé with Turkish consumers was in 1875 with the introduction of the first baby food to the Turkish market. In the first years, making sales via its

representatives, Nestlé introduced condensed milk and chocolate products to the Turkish market via its first sales branch opened in Karaköy, Istanbul in 1909.

- **Nestlé in Turkey**

Having founded the first chocolate factory of Turkey in 1927 and started production, Nestle operates with its more than 800 products in 12 categories and almost 50 brands today. From the production base of Nestlé Turkey, exportation is realized 33 countries in the Middle East and other close regions.

Nestle has sustainability projects in rural development, water and nutrition; contributes to the increase in the society's social and economic welfare. It works to increase the quality and efficiency in pistachio production in Gaziantep, Şanlıurfa and Adıyaman with “Let Our Pistachios Be Abundant Project.” With “I Can Be Nourished Project” it enables the school age children to have awareness about nutrition and have appropriate nutrition habits with the cooperation of the Ministry of National Education (www.nestle.com).

- **Nestlé's Corporate Business Principles**

- Nutrition, Health and Wellness: Their core aim is to enhance the quality of consumer's lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. They express this via our corporate proposition.

- Quality Assurance and product safety: Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard. Nestle Quality Policy.

- Consumer Communication: They are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. They respect consumer privacy.

- Human rights in our business activities: They fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights' and labour practices throughout our business activities.

- Leadership and personal responsibility: Their success is based on our people. They treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. They recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement protect their privacy and do not tolerate any form of harassment or discrimination.

- Safety and health at work: They are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain.

- Supplier and customer relations: They require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to **their non-negotiable standards**. In the same way, they are committed towards our own customers.

- **Agriculture and rural development:** They contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.

- **Environmental sustainability:** They commit us to environmentally sustainable business practices. At all stages of the product life cycle we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources, and target zero waste.

They are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

- **2014 Performance Summary**

Nestlé's performance indicators provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance.

- **Highlights 2014**

- 98% of THEIR children's products met all of the Nestlé Nutritional Foundation criteria 1 for children at the end of 2014.

- 73 Our Healthy Kids Global Programme reached more than 7.6 million children in 73 countries in 2014.

- They are ranked one of the top 3 global food and beverage manufacturers in the current Access to Nutrition Index. 73%

- They audited 8700 of our 10 000 Tier 1 suppliers and found 73% fully complied with our Supplier Code (www.nestle.com).

- **FTSE4Good**

They remain the only infant formula manufacturer included in FTSE's responsible investment index, based their performance in human rights, labour rights, responsible marketing of breast-milk substitutes and more.

- **Leader**

- They were ranked number one by the charity Oxfam in its 2014 scorecard, Behind the Brands.

- The survey scored 10 food and beverage companies on their efforts to improve food security.

- 38% Volume of high-priority categories of raw material those are traceable back to the primary source.

- 52% Water discharges per tonne of product cut by 52% since 2005.

- 72 factories achieving zero waste for disposal in 2014.

- 12 458 farmers sensitised on child labour issues in 2014.

- Nestlé needs Youth helped 11 832 young people in Europe find work or apprenticeship opportunities in 2014.

- Energy consumption per tonne of product cut by 26% since 2005.

- **Creating Shared Value at Nestle**

Nestle has grown from a company founded nearly 150 years ago on the success of a life-saving infant cereal to a global leader in Nutrition, Health and Wellness. Their growth has enabled us to help improve the lives of millions of people – through the products and services we provide and through employment, our supplier networks and the contribution we make to economies around the world. 4.1 million families earn a living because of Nestlé, including many rural smallholders in developing countries. In 2014, they supported the livelihoods of 695 000 farmers and directly employed 339 456 people. Their total group salaries and social welfare expenses were almost CHF 16 billion and we paid corporate taxes of CHF 2859 million (www.nestle.com).

- **Responsible Market**

FTSE4Good is a responsible investment index designed to help investors identify companies that meet globally recognised corporate responsibility standards. It is the only index of its kind to include specific criteria on the responsible marketing of breast milk substitutes.

As part of a continuous assessment process, PricewaterhouseCoopers (PwC) is commissioned by FTSE4Good to independently verify their breast milk substitutes marketing

practices against a set of 104 criteria in countries with high rates of infant mortality and malnutrition.

Nestle were included in the FTSE4Good index in March 2011 after demonstrating that they had met the FTSE4Good Inclusion Criteria for the Marketing of Breast Milk Substitutes (BMS Marketing Criteria), in addition to the other FTSE4Good Inclusion Criteria, which cover areas such as the environment, human rights, and supply chain. They are the first, and so far the only, breast milk substitute manufacturer to be included in the index.

FTSE4Good is currently the only independent, transparent, third-party assessing marketing practices of breast milk substitutes. It can serve as an important platform for raising not only our standards, but those of the industry (www.nestle.com):

- **Facts about the FTSE4Good Index**

Purpose: FTSE4Good is the responsible investment index of the FTSE Group. It is designed to help investors identify companies that meet globally recognised corporate responsibility standards and invest in them. FTSE4Good is the only responsible investment index that has defined clear criteria on the marketing of breast milk substitutes.

Inclusion Criteria: To be included in the FTSE4Good Index, companies must meet requirements in five areas (www.nestle.com):

- Working towards environmental sustainability
- Upholding and supporting universal human rights
- Ensuring good supply chain labour standards
- Countering bribery
- Mitigating and adapting to climate change

Inclusion of Infant Food Manufacturers: Infant food manufacturers have been eligible for inclusion in FTSE4Good since September 2010 providing they meet 104 specific requirements regarding the marketing of Breast Milk Substitutes (BMS Criteria). These criteria are governed by an independent FTSE4Good BMS Marketing Expert Committee.

Inclusion Process: Companies wishing to be included in FTSE4Good are required to provide documentary evidence to demonstrate they meet all necessary criteria. Evidence is then assessed by an independent research provider. An independent FTSE4Good Policy Committee meets twice a year to review companies and determine which should be added or removed based on their continued ability to meet the inclusion criteria.

- **Facts about Nestlé’s inclusion in the FTSE4Good Index**

They Achieved Inclusion in: March 2011. We are the first, and so far the only, Breast Milk Substitute (BMS) manufacturer to be included.

Assessments Carried out: The BMS Criteria is the only FTSE4Good criteria to be subject to an independent annual verification assessment. These are done by PricewaterhouseCoopers (PwC).

2011: India, Zambia, and their headquarters in Switzerland.

2012: Morocco and Laos.

2014: Angola, Malaysia, and our headquarters in Switzerland.

- **As a Result of Recommendations They Have:**

- Made their Compliance Management System more transparent.
- Clarified what is and isn’t permitted in 152 higher-risk countries.
- Improved communication with our distributors and customers regarding our Nestle Policy and Instructions for Implementation of the WHO Code policy, and encouraged them to share this information with their clients.
- Improved the packaging of our products where appropriate to ensure they are adapted to local conditions.
- Rolled out strict guidelines to ensure the appropriate use of display cabinets.
- Strengthened our internal and external mechanisms for reporting concerns regarding our marketing of BMS, so that allegations of WHO Code violations can be raised with us directly, promptly investigated, and addressed if needed.
- Strengthened their internal reporting mechanism in order to report the results of their compliance monitoring to the Board of Directors annually.

Why it is Important for Them:

- The FTSE4Good inclusion process is a key building block of our commitment to transparency, compliance and good governance
- They are committed to the highest standards of responsible marketing
- This is currently the only independent, transparent, third-party assessment of marketing practices of breast milk substitutes
- FTSE4Good can serve as an important platform for raising not only our standards, but those of the Industry.

Conclusions

Considering the companies, which use the sources most and affect the environmental impairment most, as primary, changing of the business strategy and ways, substituting some current products for the new and more environmentally friendly products suitable to sustainability in social and economic aspect have a critical importance for the continuity of economy.

In addition to the attempts of the institutions for continuing their existence under current market conditions, the issue of sustainability requires a change in the management mentality and reorganization in the activities of the same in a manner to also consider the welfare of the next generations.

FTSE4Good Index provides an opportunity for the companies to compare their institutional sustainability performances on local and global sense. Moreover, a performance evaluation tool is presented through index in order to make improvements and determine new targets, wherein the opportunity of developing risk management skills regarding institutional transparency and accountability and sustainability issues is provided. In turn it is thought that this will create an opportunity of competition for the companies and recognition and credit of the companies indexed will increase before public opinion.

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Corporate Social Responsibility Communication through Corporate Websites: A Comparative Analysis of Leading Companies in the United Kingdom and Macedonia, Elena Bundaleska, Ilijana Petrovska, Khosro Jahdi

Elena Bundaleska, PhD, University American College Skopje,
bundaleska@uacs.edu.mk

Ilijana Petrovska, PhD, University American College Skopje, petrovska@uacs.edu.mk

Khosro Jahdi, PhD, Bradford College, k.jahdi@bradfordcollege.ac.uk

Abstract

To be competitive today is not the same as it was in the past. New criteria of competitiveness are being added continuously to the existing ones, one of which is keeping an eye on the social, environmental, labour and other ethical consequences of company's conduct while pursuing the bottom line business. This in essence is the idea behind Corporate Social Responsibility (CSR). This article shall examine how leading companies in the United Kingdom and Macedonia communicate CSR on their websites, through a quantitative content analysis carried out in the second half of 2015. It shall offer insight on the similarities and differences of the CSR communication, paying special attention to how companies communicate 1) why they engage in CSR, 2) what areas of CSR they focus on, and 3) how they practice CSR. The choice of countries was made for the purpose of opening potentially new question which is whether different levels of economic, social and political development, and diverse cultures and traditions (UK vs. Macedonia) influence the way companies communicate CRS on their websites.

The inspiration for this research came from a study conducted on the US and China (Tang, et al. 2015) with an idea to add to the number of analysed countries, culminating in a more comprehensive analysis and data.

Key words: corporate social responsibility, CSR factors, CSR communication, CSR practices.

MNEs' CSR Efforts Are Noble, But Not Adequate for Sustainable Development, Abdul Moyeen

Role: Senior Lecturer
Department: Federation Business School
University/Institution: Federation University Australia
Town/City: Ballarat
Country: Australia
Author's Email: a.moyeen@federation.edu.au

Abstract

Purpose – This exploratory study evaluates how the current CSR strategies and practices of multinational enterprises (MNEs), particularly in developing countries, are aligned with their global commitment towards sustainable development.

Design/methodology/approach – Data were collected through semi-structured interviews with a diverse group of senior managers responsible for CSR of eight large MNEs operating in a variety of industries in Bangladesh.

Findings – The vast majority of CSR initiatives are philanthropic in nature and they do not appear to focus on critical environmental issues and rarely do they address fundamental development problems such as poverty and human rights. Sustainable development and environmental issues, in particular, thus remain on the periphery of MNEs' CSR engagement.

Research limitations/implications – While philanthropy certainly has a role in developing countries, the argument in this article is that the philanthropic CSR that MNEs engage in does not – and cannot – on its own, produce sustainable development. Further studies in other comparable countries are encouraged in order to provide more comprehensive insights and overcome the limited sample size of the current study.

Practical implications – The article urges MNEs to revisit their current approach to programme development, which is often top-down, and to adopt programmes that address the fundamental development and environmental issues which will contribute to improving conditions in developing countries in a sustainable fashion. To make such an impact, broader strategies incorporating engagement of local stakeholders including local private sectors and local capacity building are required.

Originality/value – As well as contributing to redressing the strong bias towards developed country settings in CSR research, this research is novel in exploring how MNEs, through their CSR activities, in developing countries can effectively engage to contribute to sustainable development.

Keywords: Corporate social responsibility (CSR), multinational enterprises (MNEs), Bangladesh, Developing countries, sustainable development.

Article Classification: Research

Introduction

As the world's most powerful business entities, multinational enterprises (MNEs) are increasingly expected to play a leadership role in improving socio-economic and environmental conditions in developing countries through their engagement in corporate social responsibility (CSR) initiatives (Robinson, 2003; Torres-Baumgarten and Yucetepe, 2009). In line with this expectation, a large number of MNEs have initiated, supported and implemented various CSR programmes in developing countries; extended their support to global initiatives; and built partnerships with established multilateral and bilateral development agencies in tackling issues including poverty, governance and human rights. Despite such efforts, very little is known about the effectiveness and ability of MNEs' current CSR strategies in meeting the goal of sustainable development in developing and emerging economies. This study contributes to filling this gap by exploring the CSR practices of selected leading MNEs in Bangladesh and investigates whether such practices are aligned to their global commitment to sustainable development. The findings of this study will help broaden the extant CSR literature, which is currently heavily dominated by developed country research. The findings may also assist MNEs, especially those operating in developing countries, to design CSR tools and strategies as well as building their capabilities needed for the formulation and implementation of effective CSR programmes that are capable of making sustainable impact. Valuable insights for how local enterprises can effectively engage in CSR – a key to advancing the CSR movement globally – may also be generated.

Background

The view that businesses should engage in CSR to contribute to sustainable development not only because it is the 'right thing to do' but also because it is sensible from a business perspective, is becoming increasingly popular (Organisation for Economic Co-operation and Development, 2007) and the idea has received wide support. Firstly, CSR is seen as a necessary attribute and a set of obligations of a modern business enterprise. Knox et al. (2005, p.8), for

example, note that “corporate social responsibility is something that every board must now address in some form”. Secondly, it is often asserted that enterprises regardless of their size should integrate CSR in their strategy and process because of the contributions that CSR investment may make to competitive advantage. Although the claim that CSR is linked with business performance has not yet been subjected to adequate empirical testing, there is growing evidence to support this link (Hammann et al., 2009; Lindgreen et al., 2009). Finally, CSR is considered an important contributor to sustainable development. For example, the World Business Council for Sustainable Development (WBCSD) president (Stigson, 2009) argues that “the world cannot succeed without business as a committed solution provider to sustainable societies and eco-systems”.

Consequently, a growing number of private sector enterprises have now started to integrate CSR into their business process and strategies and report on their social and environmental performance (Lu and Castka, 2009; Zu and Song, 2009). It was principally the MNEs which took the pioneering role in advancing the CSR movement globally. They were partly motivated by the popular ‘Bottom of the Pyramid’ or ‘Base of the Pyramid’ (BOP) propositions that argue that large businesses can adopt a win-win business model that also helps alleviate poverty (Dobers and Halme, 2009; Karnani, 2007). The key message of these propositions is that businesses should consider innovating products, services and business models that engage poor people as customers, suppliers, entrepreneurs or partners – not merely as cheap labour (Kandachar and Halme, 2008; Prahalad, 2006).

Although, traditionally, development agencies have been the prime actors to address poverty and other socio-economic problems in developing countries, they too have accepted the logic of BOP (Karnani, 2007; Jenkins, 2005). Several such agencies, including the World Bank and the United Nations, have made various efforts (e.g., Global compact of United Nations) to promote CSR among private sector enterprises (Vivos, 2004). These agencies have called upon

the MNEs to integrate development issues such as poverty and education as well as climate change into their strategies (Robinson, 2003; Schwartz, 2007).

CSR literature has presented various arguments for active participation of private sectors - and MNEs in particular – in CSR and sustainable development in developing countries. Dobers and Halme (2009), for example, argue that as developing countries do not have adequate constituencies and institutions to offer social goods, the private sector should play a proactive role to fill this gap. Such role is considered critical when the local businesses are largely unaware of CSR or they do not understand its value (Azmat and Samaratunge, 2009), and when the pressure groups (e.g., NGOs, media and civil society) are not adequately mature in promoting responsible business practices and good governance (Ararat and Gocenoglu, 2006; Belal and Owen, 2007). In this respect, meaningful participation of MNEs in sustainable development would not only contribute to improve the living conditions in developing countries but would also enhance the image of MNEs as powerful agents of societal and environmental well-being in the communities in which they operate.

Business stakeholders also have extended their support to the idea of MNEs' active participation in sustainable development efforts. For example, WBCSD (2006) notes that “the leading global companies of 2020 will be those that provide goods and services and reach new customers in ways that address the world’s major challenges – including poverty, climate change, resource depletion, globalisation, and demographic shifts”.

Accordingly, a large number of MNEs have taken or supported initiatives such as building schools and hospitals, assisting youth and women empowerment and helping victims of natural calamities as part of their CSR initiatives. They have also started building partnerships with established development agencies in addressing some fundamental issues such as poverty and other human rights problems (Fryans, 2005). Despite these efforts, the global aspirations for sustainable development remain far from being met in many developing countries (Visser, 2008). MNEs' engagement in CSR activities has generally been reactive in developing countries and

often a result of public demands arising from MNEs' operation with respect to human rights, environmental degradation and employees issues (Ite, 2004). Fryans (2005) further notes that the CSR activities of multinational oil companies in Nigeria was largely driven by their goals of achieving competitive advantage, maintaining a steady working atmosphere, managing external perceptions, and keeping workforce content. Despite calls for improving basic human rights (Robinson, 2003) and preventing environmental degradation (Schwartz, 2007), many of the CSR initiatives are based on businesses' philanthropic perspective only (Fryans, 2005; Jamali and Mirshak, 2007). Due to the nature of the CSR initiatives MNEs are engaged in and the purpose for their engagement, concerns have been raised about how effective MNEs' current CSR strategies are in contributing to sustainable development in developing countries (Engle, 2007; Fryans, 2005; Karnani, 2007).

This issue has not, however, been investigated despite calls for more CSR research in developing country contexts and the valuable contribution such research can make to redressing the current emphasis on developed countries (Belal and Cooper, 2011; Dobers and Halme, 2009; Dzansi and Pretorius, 2009; Jamali and Mirshak, 2007). This article attempts to contribute to filling this gap.

Corporate social responsibility and sustainable development

Although the concept of CSR has a long and diverse history in academic literature (Carroll, 1999), a conclusive definition of the concept is yet to emerge. In general, CSR is considered to cover businesses' efforts to improve the conditions of society at large, to affect economic, social and environmental sustainability, or to develop a local community (Blombäck and Wigren, 2009). While the CSR literature has presented various concepts such as corporate citizenship, corporate social performance, corporate responsiveness, responsible entrepreneurship and corporate philanthropy to incorporate this notion (Blombäck and Wigren, 2009; Engle, 2007), no clear critical measure or assessment of what CSR activity can involve has evolved (Lindgreen and Swaen, 2010).

Perhaps the most popularly quoted definition of CSR is that of Carroll who maintains that the social responsibility of business encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organisations at a given point of time (Carroll, 1979; Carroll, 1991). Another important definition comes from World Business Council for Sustainable Development (WBCSD, 2002) which views CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”. This definition originates from Freeman’s (1984) stakeholder’s approach which implies that businesses are in relationship with economic, cultural, environmental and social systems because business activities can affect and are affected by them. This view demonstrates that the CSR has a link to sustainable development (Branco and Rodrigues, 2006).

The commonly quoted definition of sustainable development is that it “meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). The concepts of CSR and sustainability are often considered as being ‘intrinsically linked’ and the former can be viewed as contributing to the later (European Commission, 2002; Strategic Direction, 2010). Although commonly the concept of sustainable development was perceived to be associated with environmental issues only, it has recently expanded to cover other issues such as economic growth and social justice. In fact, economic growth, social equity and environmental protection are all recognised as three fundamental pillars to any notion of sustainable development (United Nations, 2005).

Bangladesh and the importance of CSR

Straddling the Ganges/Brahmaputra delta, Bangladesh is one of the most low-lying and densely populated countries in the world. Its current population is 160 million and it is expected to reach to 200 million by 2035. Almost 20 million of its people are extremely poor and vulnerable to natural disaster. Although Bangladesh has been known as a country characterised by natural

calamities, poor infrastructure, energy hunger and bureaucratic tangles, it has set a challenging goal of attaining the status of a middle-income country by 2021 (World Bank, 2010). Despite the progress in some socio-economic indicators such as gender parity in education and child mortality rate, Bangladesh faces considerable development challenges (World Bank, 2010) and governance and corruption remain major concerns. Likewise, Bangladesh's human rights record has been quite poor (Hussain, 2009).

Bangladesh has been the country most affected by climate change and natural calamities like cyclones and floods. According to the Germanwatch Global Climate Risk Index 2010, natural catastrophes have caused more loss of life and economy in Bangladesh over the last decade than in any other country of the world (Harmeling, 2010). Bangladesh, however, lacks the required capability to confront additional challenges posed by global warming and climate change (Islam, 2009). Climate change has added a further challenge to Bangladesh when the country is already burdened with numerous socio-economic and development challenges.

Industrial pollution is considered one of the key environmental problems in Bangladesh (Belal et al., 1998). It has been subject to widespread international scrutiny, principally for its apparently poor labour conditions and associated treatment of workforce (Islam and Deegan, 2008). Finally, the selling of sub-standard goods and adulterated food products has been very common practice (Azmat and Samaratunge, 2009). It is believed that good corporate governance and responsible business practices can contribute to redressing some of these plights considerably. Accordingly, CSR has received increasing public attention in Bangladesh in recent years as a key means to tackle many of its development problems including poverty, human rights, governance and climate conditions.

Research Methods

Reflecting the exploratory nature of this study, the data were collected using semi-structured interviews with senior level managers of eight leading MNEs operating in Bangladesh. The importance of such "engagement-based" interviews with key people in exploring reliable data

on CSR engagement has been highlighted in literature (Belal and Owen, 2007). Nine MNEs were initially contacted for an interview; however, the CEO of one MNE declined to share information about that organisation's CSR initiatives. The companies were selected from the pharmaceutical, mobile communication, chemical, tobacco, food and fast-moving consumer goods (FMCG) industries. They were selected because these industries have close ties with communities and are also often blamed for damaging communities and the environment. For example, the tobacco industry uses vast areas of land to grow tobacco leaf. Other reasons for choosing these companies were that they are already engaged in various forms of CSR initiatives and are perceived to be playing a leading role in the field of CSR in Bangladesh.

A semi-structured questionnaire was used for data collection, and after the interview, a number of businesses were contacted and asked to elaborate on some of the earlier responses. The interview included questions broadly in the areas of MNEs' understanding of CSR, their practices, reasons for engaging in CSR, reporting and performance of CSR, the formulation and implementation of CSR and involvement of stakeholders, in addition to company's demographic information. The interviews were conducted with senior level managers, who were responsible for the CSR programmes, which included CEOs, public relations managers and communication managers. Belal and Cooper (2011) note that the selection of a diverse group of interviewees across a range of industry sectors offers a rich perspective of CSR practices in different sectors. The interviews were conducted between December 2009 and June 2010. The interviews lasted from 50 minutes to 80 minutes. In addition, company websites were visited in September 2010 for updates on their CSR practices.

Findings and discussion

Meaning of CSR

All of the respondents interviewed were able to provide an elaboration of the term CSR and identified that "CSR is not about donating money" but about making an effective contribution to the improvement of the society in which the company operates. The commonly offered meanings

of CSR included “doing business in the most responsible manner” and “working towards the betterment of the communities”. One CEO of a chemical company put his understanding of CSR in following words: “CSR is how companies manage the business processes to produce an overall positive impact on society”. Another respondent defined CSR as “a holistic approach that may [include] financial aspects, ethical behaviour, employee relations, compensation to the employees in the organisation or involvement in the development area of the country”. Even though the meanings provided were broad-based and holistic, the analysis of the understanding of the concept of CSR of most of the companies and their practices (presented in the next section) shows that philanthropy and community well-being was their main focus of CSR attention. Although almost all the companies’ websites highlight important global issues such as poverty, human rights and climate change, these did not receive any consideration in the interview responses.

CSR initiatives

Table I presents the variety of CSR programmes that the various sample MNEs have adopted. This list of CSR initiatives does not necessarily indicate the depth of the MNEs’ CSR involvement, nor their performance in meeting the goal of sustainable development.

Preponderance of philanthropy-based programmes

Philanthropic charitable work was the most commonly observed activity among MNEs (Jamali and Mirshak, 2007). Almost all of the MNEs reported that their CSR programmes were initiated largely on humanitarian grounds, implying the preponderance of the principle of ‘giving back to community’.

TABLE I
Corporate Social Responsibility Activities of Multi National Enterprises

CSR Areas	CSR Activities
Poverty alleviation	<ul style="list-style-type: none"> • Social and economic empowerment to the rural women through engaging them in the supply chain. • Community Information Centre run by rural entrepreneurs in rural areas for providing access to information-based services to under-served and underprivileged rural people particularly targeted to build local entrepreneurships and create employment opportunities for the unemployed youth. • Facilitating electronic market place through market related information provision via mobile phone.
Empowerment/women empowerment	<ul style="list-style-type: none"> • Sponsoring national teams at the Special Olympics World Summer Games - the world's largest program of sports training and athletic competition for children and adults with intellectual disabilities. • Supporting information boats aimed to meet the communication needs of rural communities in the Char areas. • Financial assistance for the construction of a skill development centre to support rehabilitation of economically disadvantaged drug addicts. • Rehabilitation and reintegration of acid victims into the society through offering employment. • Provision of information and resources in the areas of career, education and enterprise creation. • Supporting talented women for higher education through scholarship

TABLE I
Corporate Social Responsibility Activities of Multi National Enterprises

CSR Areas	CSR Activities
	programme.
Education	<ul style="list-style-type: none"> • Free distribution of seed to farmers to grow vegetables. • Financial support to offer free IT education. • Financial assistance to meritorious but underprivileged students. • Sponsoring the publication and free distribution of a series of illustrated books on country's history. • Financial assistance to build education centre cum cyclone shelters. • Donating books to mobile library. • Sponsoring a free primary school for underprivileged children. • Jointly funding a higher education scholarship for one Bangladeshi young professional in his/her early or mid-career wishing to study in a university in the United Kingdom. • Assisting schools through provision of computers and other support materials.
Health	<ul style="list-style-type: none"> • Safe motherhood and infant care services to poor mothers and their infants. • Organisation of eye camps - provides associated actual cost for organizing the camps and surgery costs. • Awareness campaign on HIV/AIDS. • Supporting the construction of cancer hospital. • Sponsoring hospital beds for economically disadvantaged cancer patients.

TABLE I
Corporate Social Responsibility Activities of Multi National Enterprises

CSR Areas	CSR Activities
	<ul style="list-style-type: none"> • Awareness campaign on polio vaccination. • Financial assistance to set up blood bank at a community hospital. • Medical call centre providing primary healthcare information and services through an interactive teleconference between a company's mobile user and a licensed physician. • Selling products that promote health and well-being. • Hygiene education programme. • Boat-based hospital to offer free health service and health education to poor people living in char areas. • Short term Nurses training Programme. • Support the WHO's Lymphatic Filariasis project by donating tablets and cash grant. • Supply of arsenic free drinking water to villagers. • Supporting organization that serves the unfortunate children suffering from different kinds of blood cancer-Leukemia. • Sponsor play corner at hospital. • School health nutrition program to increase the use of health, hygiene and nutrition services and to ensure better health and hygiene behaviour among school aged children.
Environment related	<ul style="list-style-type: none"> • Tree plantation program with the objective of promoting environmental care and raising environmental awareness among community.

TABLE I
Corporate Social Responsibility Activities of Multi National Enterprises

CSR Areas	CSR Activities
Other Philanthropic activities	<ul style="list-style-type: none"> • Free sapling distribution. • Green manuring offering know-how and free seeds for ploughing and green manuring. • Promoting the concepts of integrated pest management- training and setting up neem (a tree) decoction tool to make natural pesticide. • Metropolitan city beautification. • Corporate contribution and donation. • Supporting the distressed and victims of floods and cyclone. • Contribution to the Prime Minister’s relief fund. • Cleanliness drive in the neighbourhood.

While elaborating the reasons for the predominance of philanthropy-based CSR programmes, the respondents implied that these programmes are easy to develop and manage, do not involve much of MNEs’ time and resources, and are visible. Further probing suggests that visibility attracts the media’s attention which helps MNEs to easily monitor the contributions of the programmes. All of the respondents feel that the programmes make an impact when “media and affected people speak positively about those initiatives”. Since philanthropic work is visible and receives media attention and the impact of it may appear more quickly than non-philanthropic initiatives, it is highly likely that companies use it as a strategy for public relations or advertising purposes. Although none of the respondents indicated that they have this explicit motive, they

frequently used their CSR programmes in advertisements and publicity, and three MNEs assigned responsibility for the CSR programme to their communication and public relations departments.

Limited focus on development and environmental issues

Although globally almost all of the MNEs have expressed their intent to address or consider global issues such as poverty and climate change, their efforts in this regard have not been particularly noteworthy or sustainable. Only two companies were found to incorporate a handful of programmes in a few locations to address the issues of poverty and empowerment. Both of them provided income-generating opportunities for rural women by engaging them in the companies' own supply chains. Three other companies were engaged in empowerment activities aimed at poverty alleviation through scholarship programmes for women, capacity building through female entrepreneurship programmes, supporting schools and providing rural businesses with access to information.

As far as environmental well-being is concerned, only three companies were found to incorporate programmes, despite the fact that Bangladesh is the country most affected by climate change. Climate change is undoubtedly a complex global problem which cannot be expected to be solved in one country and by efforts of only one group. However, any efforts taken by businesses such as awareness building about sustainable development and climate change, environment-friendly business operations, and supporting the country's financial, technological, human, and institutional capacity necessary to improve its environmental conditions could have fundamental and sustainable effects.

Impact is usually short-lived

Although three companies demonstrated efforts to sustainable development through engaging in education, health, empowerment and environment improvement related programmes, much of their focus was restricted to tackling specific current issues, without adequate interventions to address the fundamental causes of these issues, and hence the actions are unlikely

to contribute to sustainable development in a real sense. For, example, among the three companies which undertook programmes of afforestation, only one company has made a considerable contribution to sustainable development. The company started its programme in 1980 and has been working in partnership with the government in identifying the needs and interventions and covering an ever-wider geographic region. The other two companies have only very recently started up some activities, many of which lack adequate depth and commitment to make a meaningful improvement to the condition of the environment. For example, one MNE launched a tree plantation programme to create environmental awareness among community members in one village – there are 68,000 villages in Bangladesh. Environmental awareness building is certainly a potentially important CSR initiative. However, the MNE does not seem to have any plan about how to sustain the initiative and replicate it in the other 67,999 villages. The participation of only three MNEs in the globally important issue of environmental well-being, and even that confined to a tiny geographic area, is at odds with the MNEs' global commitment towards sustainable development.

MNEs reported that their philanthropic programmes were directed at community welfare activities and were most commonly targeted to support poor, distressed and vulnerable groups of people, particularly the victims of flood and cyclone. Most of these programmes are almost always 'one-off' contributions, and rarely aim to build a community's capacity to enable people to address their own problems. This form of community welfare programme, which does not help build the capacity of the communities, is unlikely to contribute to sustainable development and the benefits from these programmes will be only short-lived. For example, supporting poor people by providing free medicine when they have diseases caused by drinking arsenic-tainted water would have a shorter-lived impact than educating them about how to avoid such diseases and enhancing their access to safer drinking water on a sustainable basis. Although some capacity-building focused CSR programmes were apparent, for example, female entrepreneurship training programmes, they were limited by number and particularly depth.

Philanthropy certainly has a special role in a developing country; however, programmes that may address fundamental development and environmental issues such as poverty, human rights and environmental degradation are important for sustainable development. Active support of sustainable development thus requires MNEs to revisit their current approach and adopt CSR initiatives that are capable of producing more sustainable outcomes. In this respect, they may consider a variety of strategies such as integrating CSR into their business process, creating awareness about the environmental degradation, using recycled or environment-friendly raw materials or installing production processes with machinery that reduces environmental pollution. Similarly, with a view to contribute to addressing poverty, the MNEs could consider, when looking for opportunities for growth and job creation, building partnerships with small business suppliers or becoming involved in capacity building of these suppliers. Such strategies were not under ‘consideration’ in the MNEs studied.

Limited participation and capacity building of local subsidiaries

As philanthropic contributions are generally dependent on the financial performance of the business, CSR programmes dominated solely by philanthropic donations are unlikely to be sustained, especially in times of business losses. During the global financial crisis in 2009 the charitable contributions from the private sector decreased significantly (CNN Money, 2009). However, when such contributions are channelled to strategically selected programmes that address fundamental development and environmental issues, the CSR programmes are more likely to contribute to sustainable development. Hence, the selection or design of CSR programmes is an area which MNEs may consider revisiting. This, however, requires local MNE subsidiary to acquire the appropriate capacity necessary for effective assessment, selection and design of CSR initiatives.

Despite the importance of such capacity building, a large number of the programmes studied were either initiated or managed directly by the parent company as part of their commitment to some global initiatives. For example, one company extended its support to the child disease project of an international agency which functions in 80 countries in the world. The Bangladesh subsidiary donates cash grants and tablets for its implementation in Bangladesh. Another project of the same company was managed directly from its head office - the participation of local employees was hardly evident in the management of these projects. The lack of participation of local subsidiary employees in designing and sometimes implementing CSR programmes was also raised by another CEO who reported that 60% of its CSR programmes were developed in the head office of its parent company. The prevalence of such a top-down approach to programme design certainly limits the ability and opportunities of local subsidiaries to build their own capacity necessary for effective CSR programme management.

Inadequate engagement of stakeholders

Regardless of where the programmes are designed, almost all of the MNEs were found to very rarely 'engage' the stakeholders in a meaningful way. Although all the MNEs worked in partnership with NGOs, their role was limited to programme implementation only. One company indicated the involvement of a group of stakeholders including civil society in programme development, but their role was more 'consultative' than engaging. In general, attempts to build relationship with a large variety of stakeholders were hardly evident. This finding is similar to what Knox et al. (2005) found in their study of leading FTSE companies in UK.

Although a handful of MNE subsidiaries, originating from the same home country, were found to collaborate with each other in their CSR initiatives, no such partnership between MNE subsidiaries and local private sectors was evident. Since MNEs are considered the pioneers in CSR engagement globally and have built their CSR capacity from both local and global sources over the years, they should consider building partnerships with local businesses in developing countries and lead by example. Such partnerships would help build the capacity of local private

sector businesses through sharing knowledge and motivating them to engage more in CSR initiatives – local engagement is the key to taking the CSR movement forward and to attaining the goal of sustainable development.

Inadequate and ineffective pressure groups

The CSR initiatives in Bangladesh, in contrast to many other countries (e.g., Ite, 2004), were not a reactive response to demands of stakeholders or pressure groups. The MNEs reported that they did not experience pressure from any groups such as NGOs, civil society or consumer groups. In fact, despite the emergence of a large number of pressure groups in developing countries (Belal and Owen, 2007), the pressure groups are yet to act as maturely as they should have (Ararat and Gocenoglu, 2006). While discussing the power of civil society groups including NGOs, (Karnani, 2007) notes that activism by civil society has brought successful outcomes in many societies even when government measures are lacking or failing. The emergence of an active, committed and environmentally aware pressure group may help push MNEs to develop sustainable practices.

Although in Bangladesh, a number of pressure groups appear to exist which includes NGOs and civil society groups, it is likely that these groups do not feel the compulsion to demand that private sector entities behave responsibly. Their reluctance to exert such pressure might be due to the fact that these groups have (financial) stakes in MNEs. For example, the NGOs are principally responsible for the implementation of MNEs' CSR programmes, and in almost all cases, they implement them in exchange for a commercial fee. Even though the NGOs have been a key group in Bangladesh in building awareness of various social issues such as girls' education, child vaccination, female empowerment, domestic violence among others, their financial interest in MNEs obviously makes them hesitant to act as an active pressure group. Similarly, many of the members of civil society groups also gain financially from MNEs, often by working for them. In fact, most of the civil society leaders in Bangladesh represent only the elite groups, which largely are connected to the business communities including MNEs. Due to these conflicts of interest,

such groups (NGOs and civil society), which in other situations would be pressure groups for reform, are unable to exert pressure on private sector entities to integrate socially responsible behaviour that contributes to sustainable development. Given this situation, MNEs may be more likely to manage powerful stakeholders like NGO and civil society leaders by following an ‘outside in’ approach in their CSR programmes (Nijhof et al., 2008). The main focus of CSR in ‘outside-in’ approach is about controlling risk and safeguarding the reputation of the business.

In the absence of active participation of NGOs and civil society, consumers could be considered as a pressure group since maintenance of consumer is vital for the success of the business, and “consumer criticism of perceived CSR deficiency can be extremely detrimental to corporate profitability and market share” (Maloni and Brown, 2006, p.35). Unfortunately, the consumer groups are unorganised, weak and often neglected in Bangladesh and their level of awareness is very low, as it is in many other developing countries (Azmat and Samaratunge, 2009).

Conclusions

This article explores the commitment to sustainable development on the part of leading multinational enterprises as expressed by their CSR initiatives in developing countries. The investigation reveals that CSR initiatives targeting sustainable development are extremely limited. While the companies support various community welfare activities and some empowerment programmes (e.g., financial assistance for women’s higher education and Information Technology education for rural students), by and large, the CSR initiatives of the MNEs studied do not appear to focus on critical environmental issues, and very rarely do they address fundamental development issues such as poverty and human rights. Further, of the CSR programmes that do aim to address development issues, many are one-off and ad hoc philanthropic contributions which are unable to offer continuing benefits due to the short-term commitment of the MNEs and their meagre engagement with stakeholders.

One of the key reasons for such inability is MNEs' over-reliance on a top-down approach to CSR programme formulation which rarely allows for the active participation of local subsidiaries and local stakeholders (such as NGOs and civil society groups), and hence integration into local contextual conditions. Further, the MNEs' reluctance to engage the beneficiaries in CSR programme formulation and implementation prevents the beneficiaries from taking on ownership of the programmes and carrying them forward once the MNE has withdrawn support, thus ensuring continuity of the programmes and their benefits. Finally, the ignorance or an inability of MNEs to engage the large local private sector enterprises and help build their capacity as needed to carry the CSR movement forward raises questions about MNEs' normative leadership role in sustainable development globally.

The article concludes that it is not how many CSR programmes MNEs implement or the level of resources they commit to designing and implementing those programmes, but rather the quality and impact of such programmes that is important. Forging effective partnerships with stakeholders – including local private sector businesses – and building the capacity of such stakeholders as well as that of the MNE subsidiaries, thus ensuring their meaningful participation, are some of the important strategies that MNEs need to adopt to make a fundamental and sustainable impact in developing countries.

The limitations of this study – the examination of a small number of MNEs in one developing country – reflect the study's exploratory nature and its emphasis on the need to direct CSR research towards the special circumstances of developing countries. Further studies of MNEs in other developing countries are encouraged so as to provide more evidence of the nature of the CSR initiatives and their contribution to sustainable development that this article has identified.

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