

7th April 2006

A Comparative view of CSR in Turkey

Dr. Melsa Ararat

Beirut, MDF5



Framework of analysis

Corporate behavior, influenced by values rooted in

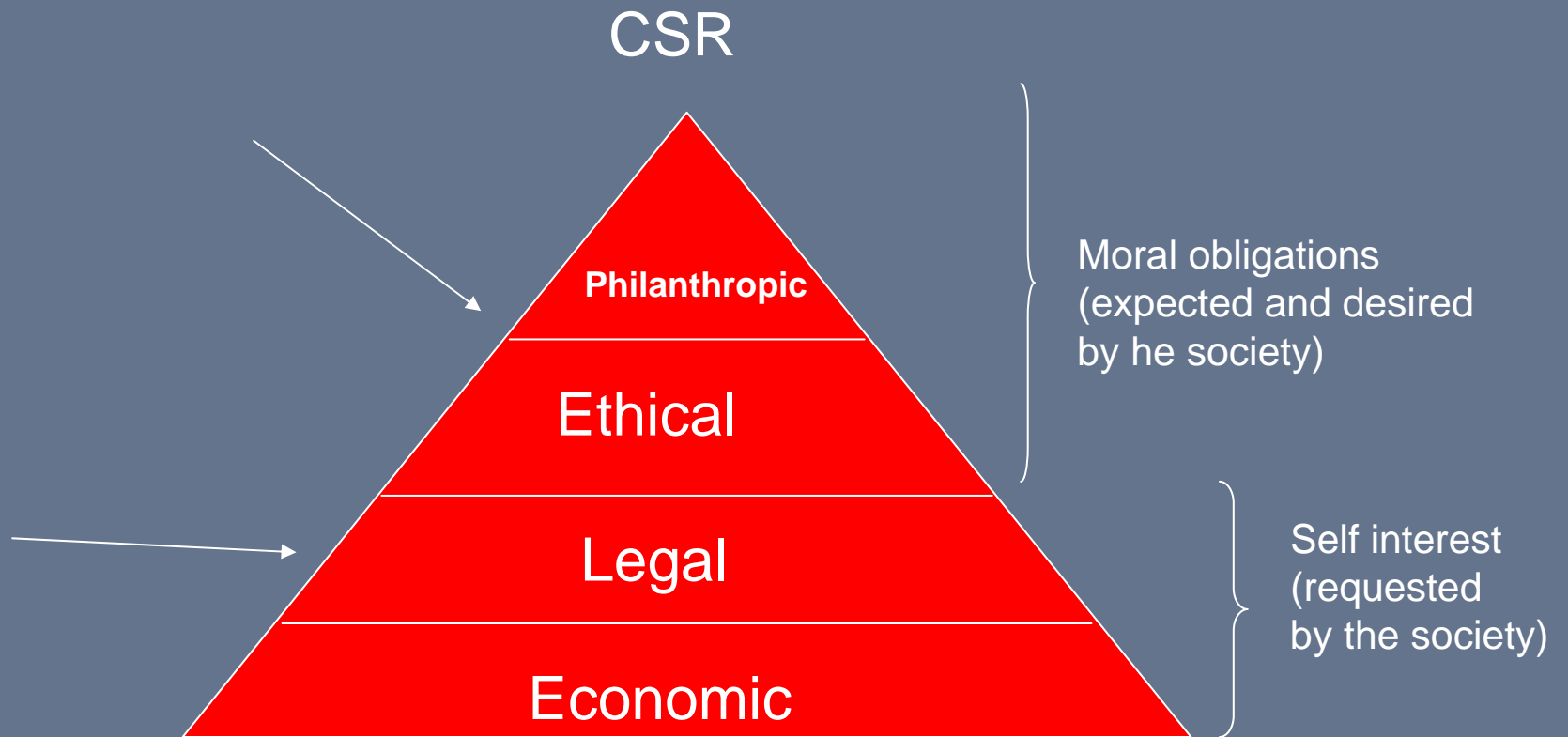
- **Societal Culture**
- **Organizational Culture**

CSR related with

- **Accountability towards stakeholders (transparency)**
- **Prudent governance (efficiency)**

Discourse appears to signal a new form of co-operation between governments, business and society,
Therefore : also a matter of balance of power





Carroll 's Construct of responsibilities

Note the debate on the whether CSR is voluntary



TURKEY summary

35% observes unethical behavior, corruption is internalized
56% thinks ethical companies face unfair competition

- Country of dualities
- Strong state
- Long established capital market but low FDI
- Family ownership / business conglomerates
- Society
 - NGO framework
 - Cultural characteristic

Conclusion : Drivers for CSR will be institutional and exogenous



Research (2003)

Decision criteria

- 75% of managers give priority to economic responsibilities
- 19% of managers give priority to ethical criteria
- 7% of managers give priority to compliance with the laws

Perceptions of importance of stakeholders

- 75% Customers
- 50% Employees
- 21% Society

35% observes outright unethical behavior at work

Source: Ascigil



- 44% gives zekat to close relatives, people they know
- Vaqfs: 72% supports education
- Participation in NGOs very low
- 50 companies finance most of the CSO activities

Civil Society

- Depth and breadth of civic participation is low,
- Relations between CSO's are weak, resource/capacity is limited
- Relations between CSO's -State and Business are weak
- Practices of democracy and gender equality within CSO's are weak

Source: TUSEV



Weakest aspects of CSO's:

- Holding state and corporations accountable
- Responding to social interests

Source: TUSEV



Values of the Society/Ethics to be settled

92.6 % reconstruction of state

67.9 % Multinational companies and FDI

Majority expects only economic performance



General Drivers of CSR

1. *Legal Framework*
2. *Market mechanisms*
3. *Social Pressure*
4. Business norms/culture
5. Standards and agreements
6. *Knowledge*



Environics International (2001)

Low-middle income countries } Basis of opinion
High income countries } Expectations

Adler and Boyacigiller (1995)

Developing Countries } Weak infrastructure
Developed Countries } Abundance of unskilled labor
Political in stability
Strong religious influences

Ronen and Shankar (1985)

Geographic Clusters (Near east) with Greece and former Yugoslavia



Hofstede's classification (1980-1983)

- Power Distance (high)
- Uncertainty Avoidance (high)
- Individualism (low)
- Masculinity (low, close to the center)

Schwartz (1994)

- Conservatism (high)
- Hierarchy (high)
- Egalitarian Commitment (high)
- Harmony (high)



GLOBE Project(2001)-Kabasakal and Dastmalchian

- Gender egalitarianism
- Uncertainty avoidance
- Performance orientation
- Social collectivism
- Humane orientation

• Future orientation Below →

• In-group collectivism Above

• Power Distance

• Assertiveness

Kuwait
Qatar



Organizational Culture (Pasa, Kabasakal , Bodur 2001)

- Future Oriented
- Paternal (authoritarian → benevolent)
- Consultation
- Culture specific behaviors dominate universal influence behavior

In-group collectivism
Parent leader

Low future orientation
Low social collectivism



Drivers in Turkey

1. Rational Choices (research and management training)
2. Quality Management (EFQM)
3. MNs and FDI
4. Universities (training the future leaders)
5. Global NGOs
6. Global institution, multilateral agreements
7. Reconstruction of financial sector (CG debate)

Macroeconomic and Political Stability



What works

1. Company Law and capital markets regulations
 - Disclosure,
 - Political choice of stakeholder controls
2. Sectoral Roundtables
3. Education aiming at cognitive moral development



Sabanci University

Our mission is to develop competent and confident individuals, enriched with the ability to reflect critically and independently, combined with a strong sense of social responsibility; and to contribute to the development of science and technology, as well as disseminating the knowledge created to the benefit of the community.



Civic Involvement Projects

- Together with 17 NGOs
- Disseminating to other universities

Encouraging students to be confident individuals with a sense of responsibility

Children, human rights, environment , animal rights, women





Announcement and Call for Papers

Bridging the Gap: Sustainable Environment

Part 1- Innovation and Diffusion of Environmentally Sound Technologies

Part 2- Globalization, Development and Environmental Management

The First UN Global Compact Academic Conference



The Role of Educational Institutions

- New research
- Agenda setting
- Capacity Building
- Educating the leaders of the future
- Bridging theory with practice

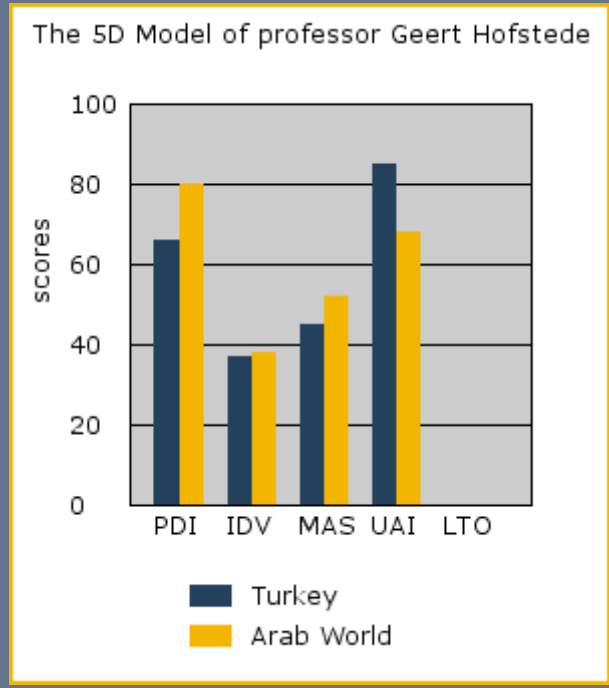


Country	Definition of CSR
Egypt	The World Bank definition ^[1]
Jordan	The World Bank definition, Business for Social Responsibility (BSR) definition ^[2]
Lebanon	“CSR is the overall management process that accompanies all the efforts of an organization within the limits of a certain ethical conduct” – author’s own definition
Morocco	“CSR is a set of concrete commitments on specific objectives so as to combine economic performance and prevention of social, societal risks, governance risks and/or environmental risks”-result of a national survey
Palestine	Definition given by the author of Turkey study (Ararat 2005)
Turkey	“Institutionalised corporate practices and behaviour driven by the acceptance of “moral obligation” and “accountability” for the consequences of corporate activity for all of the stakeholders and society at large”- author’s own definition (Ararat 2005)
UAE	“CSR is a contract between an organisation and society where the organization is obligated to avoid unethical practices that would harm society and in turn is given permission by the society to pursue profits.”- Definition borrowed from a local business leader (Hussain 2004)



Country	Quality of Life Score and Rank		GDP per Person at PPP (\$) Score and Rank	
Egypt	5605	80	3930	88
Jordan	5675	75	4510	83
Lebanon	NA	NA	NA	NA
Morocco	6018	65	4660	80
Palestine	NA	NA	NA	NA
Turkey	6286	50	8209	61
UAE	5899	69	18330	33





	American Context	European Context	MENA Context
Economic Responsibilities	Corporate policies with regard to “good governance”, “remuneration” or “consumer protection” <i>Market driven</i>	Legal framework, codifying corporate constitution, minimum wage, sector based legislation and regulations <i>Institutionalised</i>	Corruption, Unregistered economy Unfair competition Tunnelling Minority rights Disclosure Manipulation and insider trading <i>Needs to be institutionalised since markets are largely inefficient</i>
Legal Responsibilities	Relatively low level of legal obligations <i>Marker driven</i>	Relatively high levels of legislation on business activity <i>Institutionalised</i>	Enforcement Enforcement Enforcement <i>Laws need to be enforced and market forces should be able to act, balanced view</i>
Ethical Responsibilities	Corporate policies with regard to local communities <i>Individual choices</i>	High level of taxation in connection with high level of welfare state provision of local public services <i>Corporate codes</i>	Voluntary practices of better treatment of employees, costumers and minority shareholders, protecting the environment Obeying Law <i>Education and awareness, wait and see</i>
Philanthropic Responsibilities	Corporate initiatives to sponsor art, culture or fund education <i>Widely present</i>	High level of taxation sees governments as the prime provider of culture, education etc. <i>Limited</i>	Filling the gap, supporting education, health care etc, where the public funds are limited <i>Altruistic traditions</i>



	State, Laws & Regulations	Business	Society (Local)	International	Global Compact Participants
Egypt	XX			X	38
Jordan		x	x		0
Lebanon		x			1
Morocco	X	XX			1
Palestine	x	x	x		NA
Turkey	XX	X	x	XX	52
UAE		XX		X	2



Conclusion

