

Implementing CSR Programmes in Turkish Companies: How to Do it and Why

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Corporate Social Responsibility (CSR) is an Anglo-Saxon idea which has generated excitement in OECD member countries such as Turkey. According to a recent European Union green paper, CSR represents “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”¹ Turkcell’s programme -- *Contemporary Girls of Contemporary Turkey* – which provides scholarships to girls in the East is one example of CSR. Ülker’s contributions to the *10 Billion Oak Tree Campaign* which seeks to protect the environment is another. Without doubt, CSR programmes will have a large impact on Turkish companies and the Turkish economy. Will this impact be positive or negative? Many Turkish companies may think that they give enough charity and that CSR is a business buzzword. However, if the European Union experience is any guide, CSR will be an important determinant of Turkish competitiveness.

CSR and Turkish Competitiveness in the EU

The Turkish picture on competitiveness is mixed. The recently released Business Competitive Index from the World Economic Forum ranks Turkey below several European countries. In the index (which takes the quality of the national business environment into account), the Czech Republic ranks 35th out of 103 countries and Hungary ranks 42.² Pessimists see a Turkish rank of 52nd.place as worrying. However, Turkish businesses are still more competitive than many accession countries such as Romania (56th place), Poland (57th place) or Bulgaria (75th place). Turkish companies can compete in the EU. However, they must work on improving their competitiveness.

CSR can contribute to Turkish competitiveness. According to the December 1995 issue of *Capital* magazine, the five Turkish companies with the best reputations -- Arçelik, Vestel, Turkcell, Koç H./Sabancı, Garanti Bankasi, and Coca-Cola -- all also have some form of CSR programmes. Some scholars argue that CSR promotes “reputational capital” and trust which sustains long-term relationships. Customers are more loyal (and buy certain brands – such as Fairtrade) because they think these brands are responsible. Workers remained employed with the company longer and ask for lower wages because they obtain other benefits.³

CSR will be necessary if Turkey is to join the EU. Turkey is increasingly harmonising its legislation in preparation for EU accession. Part of this harmonisation entails the adoption of the *acquis communautaire* – the legislation that all EU members must share as members of a political and economic union. Important parts of the *acquis* cover CSR issues such as consumer and environmental protection and the promotion of fair competition. Yet, according to highly visible groups such as Greenpeace (the international environmental NGO), “in order to make sense of it and to make it credible to the public, the CSR process itself – even when being voluntary for companies – must go beyond the *acquis communautaire* and other

¹ European Communities. 2001. *Green Paper Promoting a European framework for Corporate Social Responsibility*. Luxembourg: Office for Official Publications of the European Communities

² Porter, Michael E., Klaus Schwab, Xavier Sala-I-Martin and Augusto Lopez-Claros. 2004. *The Global Competitiveness Report 2004-2005*. Palgrave Macmillan

³ Barney, Jay, and Hansen Mark. 1994. “Trustworthiness as a source of competitive advantage”. *Strategic Management Journal*, Winter Special Issue 15: 175–190.

Ring, Peter S., and Andrew H. Van de Ven. 1994. “Developmental processes of cooperative interorganizational relationships.” *Academy of Management Review* 19: 90–118.

existing national legislation in the EU.”⁴ Companies who do not comply with EU regulations will not be allowed into these large markets. Lack of market access for Turkish companies will prevent them from access to 380 million potential consumers and 8.5 trillion euros worth of market demand!

What Businesses Can (and Should) Do?

Businesses which want to do CSR can engage in a number of activities. Corporate philanthropy – simply writing checks to noble causes -- is not CSR because consumers might see it as a form of marketing or even preventing more capable organisations from helping the poor and needy. Instead, CSR often makes business sense and increasing shareholder proposals at company annual meetings concern CSR issues like environment and diversity.⁵ Figure 1 shows some of the concrete actions that Turkish companies can do to engage in CSR.

Figure 1: Some Simple Activities for Turkish Business

- * **Training** – companies can learn how to incorporate CSR into strategy, finance, operations, marketing, and human resource management.
- * **Join a Turkish CSR membership organisation** -- Company membership organisations like the Copenhagen Centre or the Business Social Responsibility allow business to “outsource” CSR to an organisation which is competent.
- * **Adoption of certifications** – certifications show potential consumers, investors and others that the company is serious about the communities in which they work. Some examples include the ISO 9000/14000 standards, the Global Reporting Initiative (GRI) guidelines, the Social Accountability 8000 (SA 8000) standard and the AccountAbility 1000 standard.
- * **Triple Bottom Line Reporting** – companies should report not only the financial, but also the social and environmental impacts of their work. In some EU countries, this is becoming a legal obligation.
- * **Stakeholder board committees** – appointing people such as suppliers, key customers, and even prominent members of the local community to the Board of Directors can be a way to increase the flow of information to the company.
- * **Socially responsible investment** – these companies can refrain from investing in high polluting technologies or in companies which do not respect workers’ rights.

Government Involvement in CSR

In the EU, government is playing a pro-active role in providing businesses with incentives to do good for their communities. The British Department of Trade and Industry (DTI) has launched a fund awarding companies for innovative CSR programmes and more than 130 projects have been carried out using this funding. At the EU level, governments are passing laws requiring companies to increase their disclosure, assess the impacts of their work on human rights and participate in CSR “action-planning meetings.”⁶

⁴ Green 8 Position Paper on Corporate Social Responsibility & The EU Multi-Stakeholder Forum Process. Available at: <http://eu.greenpeace.org/downloads/corplia/Green8PosPaperOnCSR.pdf>

⁵ Rivoli, Pietra. 2003. *Making a difference or a statement? Finance research and socially responsible investment*. Business Ethics Quarterly, Vol. 13 Issue 3, p271, 17p, 1 graph; (AN 10278663)

⁶ For more information, see http://europa.eu.int/comm/employment_social/social-dialog/csr/national_csr_policies_en.pdf

Turkish business will not respond to CSR unless given incentives by the Turkish government. The Turkish government has already collaborated with the United Nation's Global Compact, the OECD Guidelines for Multinational Enterprises and has endorsed the ILO Declaration on the Fundamental Principles and Rights at Work. The Turkish parliament will need to play an important role in passing CSR-friendly legislation and Turkish political parties will need to put the issue on the table. Figure 2 lists of components of a law which Turkish parliamentarians can pass to help provide an environment for CSR.

Figure 2: Working Toward a CSR Law for Turkey

- * **Introduce CSR to main political parties** like AKP, CHP, DYP and HHP. Smaller parties – SP or ANAP -- may try to use CSR to get votes!
- * **Host a National CSR workshop** inviting all stakeholders to contribute ideas toward a Turkish CSR law.
- * **“Talk up CSR”** – since Kemal Ataturk, the Turkish government has always played a progressive role in educating the public and preparing it for integration in the world economy. Parliamentarians can educate their constituencies directly and can mandate that the central government provides educational materials.
- * **Participate in multi-national fora** – the EU as a multi-stakeholder forum for CSR and the UN, OECD, World Bank and other organisations are becoming increased involved in CSR.
- * **Establish a department** in an existing ministry to work on CSR and/or mandate a CSR ministerial post
- * **Provide funds** to the national governments for CSR grants and rewards to innovative companies.
- * **Vote for tax breaks for CSR activity** – while tax breaks may go against important fiscal policy objectives to raise tax revenue and compliance, they internalise externalities.

Activities for NGOs

In the EU, NGOs play a large role in CSR because people trust NGOs more than other organisations. In an EU wide survey, 55% of respondents trusted NGOs on environmental issues, while only 16% trusted government, 6% trusted corporations and 13% trusted the media!⁷ Some prominent NGOs include the World Business Council on Sustainable Development; human rights groups like Civicus and Social Accountability International; as well as membership groups like CSR Europe. These NGOs bring CSR issues to the attention of businesses and policymakers by organising national workshops, policy committees, public-private partnerships, and facilitating donor funding of innovative CSR practices.

In modern Turkey, NGOs will have a key role to play. Many foreign NGOs are already partnering with Turkish partners to engage in CSR -- and some NGOs like TESEV and TEDMER have organised activities. Larger membership organisations such as TUSIAD and TOBB have sponsored dialogues about CSR, while universities such as Sabanci and Bilkent have increasingly worked on merging the academic and policy debates on CSR. Figure 3 lists some of the concrete actions that “civil society” organisations can undertake.

⁷ The survey was conducted by Edelman, a public relations company. More information can be found at <http://www.edelman.com/image/insights/content/rebuilding.ppt#9>

Figure 3: The Role of Civil Society in Supporting Business and Government

- * **Organise fora on CSR** – help government by organising fora and making concrete proposals to parliamentarians and ministers.
- * **Provide training to companies** – academics and specialists removed from the grind of daily business can provide training and present examples from EU countries.
- * **Collect data and case studies** – in the EU, NGOs conduct surveys and watch business and government.

Conclusion

Turkey will need to engage in some CSR activity if it hopes to successfully compete in EU markets. However, Turkey should not simply follow EU laws or react to international trends in CSR. Turkey has already demonstrated leadership in some areas of CSR and can provide the EU best practice if it can co-ordinate its own business, government, and NGOs. Immediate steps toward this end will be engaging in business training and working on a national workshop which will discuss CSR legislation.