

# TURKEY CORPORATE SOCIAL RESPONSIBILITY BASELINE REPORT



Dear Reader,

It is a pleasure to share with you the comprehensive baseline analysis on the current situation of the concept of Corporate Social Responsibility (CSR) in Turkey. The study, results of which are shared in this publication, was carried out under the regional CSR project “Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU” funded by the European Commission and the United Nations Development Programme.

This analysis highlights the potentials of CSR as a tool which could benefit the private sector besides creating the opportunity for sustainable development. By underlining the importance of CSR in the attainment of sustainable development in Turkey, this analysis could be used as a guide on CSR by several different actors ranging from private sector to government. It not only comprises of a big picture of CSR within the international standards but also deeply explains what CSR is about and what it is not. Information on the factors and conditions affecting the CSR practices in Turkey and recommended future activities to shape the approach to CSR in the country could also be found in this publication.

CSR has become such an important and popular concept along with the rise of the importance of sustainable development in the world. It has become clear to the business world that sustainable development is no longer only concern of governments and related NGOs, they should also immediately start concerning about the sustainability of resources and human development along with their financial sustainability. In this sense, establishment of multi-stakeholder dialogues and partnerships among all these actors has also become extremely important. CSR and sustainable development could no longer be thought as two separate concepts anymore; it has become apparent that the latter could not be achieved without a proper CSR approach from the private sector.

Taking into account the need for contribution from the private sector for the achievement of Millennium Development Goals by 2015, making the business world incorporate CSR into their strategies has become extremely significant for UNDP in the global context. Accordingly, UNDP Turkey has been acting as the leading agency in promoting CSR in Turkey through the United Nations Global Compact initiative since the year 2002.

I sincerely hope that you would find this piece of work beneficial and contributory to your perception of the relationship between CSR and sustainable development.

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## **A. EXECUTIVE SUMMARY (INCLUDING MAIN CONCLUSIONS AND RECOMMENDATIONS)**

In the light of the desktop research and the interviews conducted with companies and stakeholders groups, the National Team of Turkey (NET) has concluded the following key findings regarding the situation of CSR in Turkey:

In the business environment of Turkey, there is confusion over the definition of Corporate Social Responsibility (CSR) and this confusion reflects itself on the practices of CSR. However, on the part of the business community, a strong incentive for efforts developing business and society is observed. The sponsorship activities as well as social projects organized with Non-Governmental Organizations (NGOs) are among those efforts. Within such a framework, for a more effective implementation of CSR with a focus on the right issues, the definition, the goals and outcomes of CSR need to be discussed and shared with larger business community and social actors.

Private/individual leadership is a strong driving factor of CSR issues in Turkey. NGOs leaders like Hayrettin Karaca and İbrahim Betil gain support from business leaders as they are highly trusted figures and their backgrounds are rooted into the business community.

Stakeholder engagement is restricted with partnerships or joint projects with NGOs. This strategy is followed by Government agencies, especially Ministry of Education, which has been a valuable partner in sponsorship activities for education. In general, the companies have a positive attitude towards soft issues like community involvement or environmental protection. However, engagement in issues like human rights and employee participation or rights (especially with regards to laws and regulations) needs to be developed.

Multinational Companies (MNCs) positively affect the CSR practices in Turkey. The MNCs put positive pressures to their local branches and their suppliers, and this process set trends for Turkish companies. For example, supply-chain issues especially in textile industry, have a positive effect on the application of international labour standards in Turkey. Nonetheless, the activities of local branches lag behind their headquarters and they are usually project-based.

CSR in Turkey is supported by external drivers such as the international organizations and NGOs. Local initiatives, such as NGOs and customers, are needed to be developed and encouraged to create pressure on companies.

Corporate Governance Codes announced by Capital Markets Board (CMB) created a certain level of awareness and understanding for reporting of stakeholder policies and hence implementation of CSR. However, there is still need for further development. As the reporting process is underdeveloped, assurance systems are far from being complete and functioning. Therefore, tools of implementation are a key need for Turkish business.

Finally, the CSR is widely known as a business case and considered especially on the basis of marketing and reputation. By projects through sponsorships, many companies and stakeholder groups are actively trying to be involved and to shape this process. On the other hand, CSR discussions in Turkey suffer from the lack of institutional leadership that would create a better understanding, tools and systems.

## B. INTRODUCTION

As part of the “Accelerating CSR Practices in the New EU Member States and Candidate Countries as a Vehicle for Harmonization, Competitiveness, and Social Cohesion in the EU” Project, the Turkish NET has produced a country report on CSR. This report is intended to provide information on CSR practices in Turkey and it is based on the outputs from desktop research and interviews with companies and stakeholders. According to the EU definition, CSR is defined as follows<sup>4</sup>:

**A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.**

(Commission Green Paper 2001 “Promoting a European Framework for Corporate Social Responsibility”, COM(2001)366 Final)

The above EU definition of CSR highlights the important aspects of the concept:

- In spite of the English term corporate social responsibility, CSR covers social and environmental issues.
- CSR is not or should not be separate from business strategy and operations: it is about integrating social and environmental concerns into business strategy and operations;
- CSR is a voluntary concept;
- Another important aspect of CSR is how enterprises interact with their internal and external stakeholders (employees, customers, neighbours, non-governmental organisations, public authorities, etc.).

In the report, the CSR concept is primarily based on:

**“The management of, and response to, social, environmental, broader economic and ethical issues – and the extent to which businesses are responsive to stakeholder expectations on these issues.”**

Through economic and historical developments that affect business and society as well as their interactions, the report starts with brief information about the country context of historical and economical developments. This section is followed by the demonstration of the actors and the interaction between them for creating and raising awareness on CSR in Turkey. Hence, these actors need a scenario and a platform to perform, this last section before the presentation of the research, describes the capacities of the CSR drives in the country. The report is finalized by recommendations for further capacity building and engagement of these actors for the enrichment of the CSR concept and implementation in Turkey.

In the study, a total of 37 interviews were made with National and Multinational companies. For the selection of large National and Multinational companies to be interviewed, a two-stage sampling procedure was applied. At the first stage, companies were listed alphabetically and segmented according to the criteria presented in the research brief. This was not a geographical cluster sampling; clusters consist of the targeted organizations’ universe. At the second stage, a sample of companies/organizations within those list was selected with the help of MS Excel’s formula that is =RAND(). Then, the interviews were made according to the randomly selected sample, if there was a deny, the following numbered company was chosen. One exception to the use of these steps was for state-owned companies’ interviews, as the universe of state-owned companies was too small.

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4 [http://ec.europa.eu/enterprise/csr/index\\_en.htm](http://ec.europa.eu/enterprise/csr/index_en.htm)

While choosing the supplementary small/large enterprises in this study, to determine a universe for sampling, firstly stakeholders of the known companies were determined. Then, the list was enriched by the research staff with snowball and desktop research. Getting the universe of small companies, they were segmented into their main operation area. Then, sampling was made from each segment and chosen companies were included into the study. One limitation of the research was that the positions of individuals interviewed affected the quality and nature of the interview in some of the cases. For some companies, the individuals that were directed by company management for the interview were not fully informed about the company's involvement in CSR issues. At those particular cases, some of the issues could not be discussed in detail.

Finally, the desktop research has been conducted by reviewing different tools such as academic articles, conference outputs, company reports, academic/company-based research and the last but not the least interviews with different stakeholders.

### **C. BACKGROUND WITH ANALYSIS OF THE COUNTRY CONTEXT**

An overview of Turkish economy over the last three decades highlights high growth and industrialization along with financial market liberalization. Since the early 1980s, Turkey made efforts for integrating its economy within the global framework and implemented several economic reforms through this end. In contrast to the economic policies of the earlier decades based on the substitution of imports, the 1980s witnessed a shift towards an export-oriented industrialization model with an increased reliance on the forces of market and declining dominance of public sector. Among the primary components of the reforms of 1980s, increasing

exports, liberalizing regulations for imports and foreign capital investment, a flexible exchange rate policy, privatizing State Economic Enterprises and deregulation of financial markets might be listed (CBRT, 2002).

When the figures of the year 1980 and 2000 are compared, an impressive increase in the exports is observed such that the level of exports increased ten times and the share of exports to GNP increased from 4.2% to 19.8%. The EU is the main trading partner of Turkey with 51% of total exports and 45% of imports. Turkey's other main trading partners are the USA, Middle Eastern countries, Eastern Europe and the CIS nations. There is a change also in the composition of exports with a shift in favour of industrial products compared to agricultural products. In addition to traditional export goods such as textiles and clothing products, iron and steel, glass and ceramics, products such as colour TVs, electrical appliances, motor vehicles and spare parts have been part of exports. Overall, there has been a remarkable growth in the industrial production capacity of the country (DEIK, 2006).

In spite of the structural reforms undertaken in the 1980s, the integration of Turkish economy into the international system has not been fully realized and Turkey could not fully benefit from this process. Among many factors behind this failure, short-term orientation of economic policies implemented by changing governments and delay of some structural reforms in areas of public finance and public management constitute the priority. Resultantly, huge public sector deficits resulted in a high-inflationary environment throughout the 1990s. From the other way around, external shocks brought about negative circumstances. Increased vulnerability to external shocks due to liberalization of capital accounts adversely affected Turkey, as it affected other developing economies. The Gulf War in 1990-1991 and Russian Crisis in 1998, for example, resulted in sudden and massive reversals of short-term capital flows (CBRT, 2002).

The economic program that was implemented between December 1999 and February 2001 with IMF for controlling inflation and maintaining macroeconomic balances failed and brought about a significant devaluation in February 2001. After the crisis of 2001, however, the implementation of a set of impressive structural reforms was initiated and high rates of annual growth were attained at the following years. A GDP Growth rate of 7.6 was attained in year 2005. In terms of industrial production, the years following 2001 crisis have witnessed a steady increase in production and capacity

utilization rates. With a quick recovery from the crisis, rate of inflation dropped to very low levels, and Turkish currency gained its value back. Meanwhile, the changing economic environment was appreciated by the international community: The commencement of full membership negotiations with the EU and IMF's consideration of Turkey as a success story might be listed among those positive developments. Within this framework, for short and medium-term Turkey is considered to be on the way of steady economic growth (Argüden, 2006).

## Sector Overview

This section is intended to provide basic information on current trends of predominant sectors of Turkish economy.

With appropriate land and climatic conditions, Turkey is a main producer of many agricultural products and agriculture is an important sector in Turkey both in social and economic terms. Although the relative importance of agriculture decreased over time, the sector's share in the Turkish economy and employment is still much greater than the EU average. The sector accounts for 11.6% of GNP in current prices in 2004 and approximately one third of the labour force is employed in the agriculture. As the share of industrial production and services increased in overall national income, the share of agriculture declined dramatically: The share of agriculture in national income was 26% in 1980, 17% in 1990 and around 11% in 2005. The share in GDP is expected to decline further with an estimation of 10.2% in 2008 (DEIK, 2006).

The textiles industry is a sector where Turkey has a strong comparative advantage with low labour costs and abundant raw materials. The textiles industry is also one of the forerunner industries of the country and the sector especially developed during the 1980s due to export-oriented economic strategies of the era. Textiles industry has high contribution to national income since the 1980s until today. According to Istanbul Textile and Apparel Exporters' Association 2004 figures, the textiles and clothing industry accounts for 7.8 % of GDP and 19.9 % of industrial production. It is also important to note here that the sector is one of the most sensitive sectors to quality issues with majority of textile companies having ISO 9001 and ISO 9002 certificates and with measures taken to avoid harmful practices to human health in production.

Telecommunications market has a total of 17.7 billion USD in 2005. In 2005, the market witnessed an annual growth of 16%. This growth is the outcome of the new fixed line backbone companies and ADSL systems. Telecommunications market has a size of 21.5 million telephone lines and about 43 million mobile subscribers. The sector is currently exhibiting high growth and over the next decade there is potential for growth in almost all segments. Turkey has one of the fastest growing IT markets of the world. (DEIK, 2006).

The energy sector is another sector which shows high growth rates over the recent years. Actually, Turkey is among one of the world's fastest growing energy markets. According to Ministry of Energy and Natural Resources figures, between 1995 and 2004, the annual electricity demand growth rate was 6.6% and for the decade 2005-2015, it is projected to be 8.5%. The level of electricity consumption, 150 billion kWh in 2004, is expected to increase to around 500 billion kWh by 2020. The Turkish energy sector which has a current size of 30 billion USD and a projected size of 55 billion USD by 2015 attracts both local and foreign investors. There is need of an investment amount of approximately 130 billion USD in the sector by 2020.

In parallel with the structural changes for a more liberal financial environment, the Turkish banking sector witnessed a remarkable progress. Achieving significant changes in institutional structures and increasing the quality of products and services, the sector bears a high growth potential. An annual growth rate of 8% is expected for the years between 2005-2020 based on the experience of year 2005 with 6 billion USD foreign capital attraction (DEIK, 2006).

The last two decades have witnessed significant progress in terms of capital markets. Establishment of the Istanbul Stock Exchange in 1986 is one of the important developments which opened stock and bond markets to foreign investors without restriction as to the repatriation of capital and profit. The improvement of macroeconomic indicators after 2002

has brought about better performances for capital markets. There has been a tremendous increase in the value of Istanbul Stock Exchange (ISE) National 100 Index between the years 2002 and 2005, such that it increased to 39,776 from the year 2002 figure of 10,369. The market capitalization for all the companies listed in ISE went up from 33.8 billion USD at the end of 2002 to 163 billion USD at the end of 2005. The ISE comprises the National Market, Regional Market, New Companies Market, Watch List Companies Market and the Real Estates Certificates Market. The number of corporations whose shares are traded on the ISE equities market was 80 in 1986 when the ISE was first established. As of the end of 2004, there were 274 corporations traded in the national market, 18 corporations in the second national market and 5 in watch market, making a total of 297. Market capitalization, which was only 938 million USD in 1986, reached 69.0 billion USD in 2003 and 98 billion USD in 2004 and 163 billion USD in 2005 (DEIK, 2006).

In Turkey's economy, tourism is another considerably large sector. Over the past two decades, a significant growth has been observed within the tourism sector in Turkey. In the world tourism market, Turkey accounts for a share of 2.5% and with 15.9 USD billion tourism revenue, Turkey ranks the eighth country in the world in terms of biggest tourism revenue according to year 2004 figures. Between the years 1983 and 1993, the number of tourists who visited Turkey increased to 14 million from 1.6 million and the direct tourism revenues increased to 9.7 billion USD from 411 million USD for the same period. In the last few years, tourism sector achieved even better outcomes. Turkish tourism revenues were around 18.2 billion USD in 2005 reflecting an increase of 118% over the past three years (DEIK, 2006).

## Historical Developments

The experience of the philanthropic stage of CSR in Turkey goes back to the Ottoman times. In the Ottoman era, the "waqf" (foundation) was the premier institutional mechanism for philanthropic provision of public services such as education, health and social security. Today, most family owned conglomerates in Turkey have an associated Waqf. In this sense, the public demand from the companies is shaped within the historical "waqf" philosophy and social responsibility becomes identical to donations and philanthropic actions of the companies. The assessment of total amount of donations, however, is not easy to identify (Bikmen, 2003) and this puts a limitation on the measurement of impact.

Coming to the last 50 years of the political and economic structure; the military coups and an unstable economy with phases of high inflation, it is possible to conclude that the economic and political background in Turkey was not very supportive to long-term planning and thus to concerns of sustainable development. For liberalizing the economy in the beginning of the 1980s,

Turkey took steps to integrate its economy with developed countries. However, this integration process brought new challenges such as competitiveness which certainly acted as an impediment for companies to set up CSR practices mainly due to the price pressure as well as the profitability. The economic role of state has been diminishing for the past 3 decades, but it is still high compared to other EU countries. Nevertheless, the stable inflation and growth rate in the last 5 years created an atmosphere for companies to be more involved with the social issues.

Turkey's increased integration with the international bodies, developments, events and campaigns has also been an important element for the country's consciousness on CSR and related issues. The United Nations Conference on Human Settlements (Habitat II) in Istanbul in 1996, played an important role in terms of enabling the citizens of Istanbul to observe people discussing issues of eradication of poverty and discrimination, promotion and protection of all human rights and fundamental freedoms for all, and provision of basic needs, such as education, nutrition and life-span health care services. This created an atmosphere for the issues related to sustainable development to be discussed and debated in Turkey.

Followed by those positive developments comes another incident that affected most of the stakeholder groups; civil society organizations, businesses, government and others. The first is the 1999 Izmit earthquake killing over 17,000

people in north-western Turkey which was heavily felt in the industrialized and highly populated urban areas of the country. The state failure in the aftermath of the earthquake -characterized by ineffectiveness and incapacity to provide relief services- was filled by immediate civic mobilization, both individual and corporate. After the earthquake, many NGOs and volunteer groups actively involved in the rescue processes as well as the reconstruction and rehabilitation of the destroyed areas. Search and Rescue Association (AKUT), a small voluntary search and rescue association, became the most prominent element of this civic mobilization. In fact, it was pronounced as the second most trusted institution in the country, after the armed forces (Adaman, Çarkoğlu, and Şenatalar 2000). The earthquake, in this respect, had a crucial impact on values of volunteerism and participation among Turkish citizens, highlighting the need of activism for development.

The economic crisis of 2001 dropped the annual growth rate to – 7.5 % and the GDP fell from 199.6 billion USD to 145.2 billion USD, leaving thousands of unemployed, especially in the banking sector, and causing the bankruptcy of many small and medium size enterprises. This outcome highlighted the need for elaboration on corporate governance issues and the need for further steps towards more transparency and accountability.

In the recent years, the adjustments of Turkish Association Law to the European Union accelerated the change processes in the non-governmental organizations and created a better environment for civil participation.

Consequently, both the international issues and the economic and social crises in Turkey created an environment for the discussion of CSR where business had the major role to play and the civil society to monitor and benefit. This analysis is supported by a research of a Canadian based GlobeScan. The research conducted an international survey named CSR Monitor in which the Turkish leg has been conducted by Yontem Research Company. According to the research, corporate citizenship is highly recognized in Turkey, however, the companies are not expected to have operational presence in the fields such as labour rights and environmental issues. The time schedule stated above is also supported by the findings of this research, as the research indicated that CSR as a component of corporate reputation in Turkey has been in an increase since 1999.

#### **D. ACTORS IN CSR PROMOTION IN THE COUNTRY (Governmental Bodies, International Organizations, Civil Society, Private Sector, Etc.), KEY AREAS/ACTIVITIES OF THEIR INVOLVEMENT, RELATIONSHIP BETWEEN THESE ACTORS AND THEIR INPUT TO CSR PROMOTION, IF ANY;**

Philanthropists like Vehbi Koç (Founder of Koç Group, the first Turkish company at Fortune 500), Sakıp Sabancı (Founder of Sabancı Group, 50,000 employees and 10.6 billion USD turn over in 2005), İzzet Baysal and Kadir Has had active involvement in community development programs through donations to hospitals, schools and museums etc. However, in the last decade more businessmen have actively involved in efforts for the eradication of social problems. The TEMA Foundation (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) was founded by two prominent Turkish businessmen Hayrettin Karaca and Nihat Gökyiğit. TOG Foundation (Community Volunteers Foundation) was founded by İbrahim Betil, a retired bank CEO. Ali Koç (President of Koç Group) recently led Global Compact initiative in Turkey by a media campaign. So, it is possible to claim that business society in Turkey is shifting from passive philanthropy to active involvement with society.

Events have played a vital tool for sharing information and creating awareness. The International Sponsorships Conference organized by Arya Sponsorships and Communication can be given as an important theme to reflect CSR in Turkey. The agenda and the speakers represent the perception of CSR which is largely shaped within sponsorships. As the society demands the support of companies through donations and sponsorships – with the resemblance of the waqf philosophy, the institutions such as NGOs and PR companies supply this demand with their expertise - meaning people, concepts and media campaigns - to sustain themselves financially, matching the CSR definition with projects related to social issues.

An example of this process is the “Turkcell’s Kardelenler” project. Turkcell, a leading mobile networking and telecommunications company, has been conducting the “Kardelenler” (Snowdrops) project jointly with the Association in Support of Contemporary Living (CYDD) since the year 2000. The project serves to provide scholarships every year to support the education of female students having difficulties going to school because of financial hardship. Growing in size and diversity with the addition of new subprojects each year, the “Kardelenler” project hitherto provided scholarships to 12,300 students and put 6,300 Snowdrops through high school of which 950 made it to universities and 67 managed to get a university degree. The project became widely known in Turkey by Ayşe Kulin’s 2004 book entitled Kardelenler in which she told about the changes the project brought about in the girls’ lives and pop diva Sezen Aksu’s 2005 album Kardelen with the associated string of concerts wherein she extended the call, “Let’s give our girls an education; our girls are our future.” The project is an ongoing project with new stakeholders engaging through education and mentoring to the scholars.<sup>5</sup> Because of the great success, with the support of media campaign and the good reputation of CYDD, the project became the most prominent benchmark CSR activity for many companies, promoting them to organize scholarship schemes for students and supporting education.

Education of children is seen as one of the biggest concern of Turkish society. Over the last three years, the Turkish Ministry of Education has built up a good record of launching educational campaigns supported by the private sector and local communities, such as 100% Support for Education; Girls, Let’s Go to School; and Support Computer-Based Education. The success of these campaigns, which have raised large amounts of supplementary funds for the education system in Turkey, largely derives from the fact that Turkish society sees education as a priority for its children and also related with the tax incentives which are stated at Revenue Tax Law No. 193 article 89 that provides tax incentives for their charitable contributions and donations on the field of education. Therefore, society’s expectation meeting government’s incentives helped companies to act on the issue through donations.

The United Nations is actively involved with the CSR issues in Turkey. UNDP Turkey’s aim is to find practical solutions to Turkey’s development challenges and it implemented over 80 programs across the country since 1986. UNDP’s strategy for 2006-2010, formulated with and agreed by the Turkish Government, highlights three core areas, through which UNDP will support the implementation of Turkey’s development agenda through project implementation and policy advice. These are: 1) capacity building for democratic governance; 2) action and advocacy for poverty reduction; and 3) environment and sustainable development. In addition to these core areas, UNDP Turkey is emphasizing the role of women, private sector, capacity development and information and communication technology in its policies and programs.

UNDP in Turkey is creating partnerships between government, business, and Civil Society Organizations (CSOs) to stimulate entrepreneurship within Turkey and between neighbouring countries to quicken the pace of sustainable development. For example, with Microfinance Sector Development projects, UNDP Turkey aims to promote microfinance in Turkey as a component of Turkey’s overall poverty reduction strategy. Climate Change Communication Project aims to enhance general awareness and knowledge on climate change-related issues in Turkey and help taking them into account of the process of national planning and policy.

UNDP has recently been running the “Partnership for Development with the Business Sector Project” aiming to strengthen UNDP’s partnership with the business sector in Turkey for development. The programme is also in charge with the promotion and membership processes of the Global Compact initiative in Turkey, which encourages the business involvement into development issues as the companies promote and market themselves through UN’s reputation.

All these efforts created an atmosphere of CSR that it is trying to find a place for itself between its philanthropic nature and a business case. From philanthropic nature to development initiatives, community awareness of the broader economic and social role that companies can play in development by reinforcing positive dynamics increased. The research in 2007 conducted in partnership with GfK and Capital Business Magazine announced society expects that companies focus/

5 For information <http://kardelenler.turkcell.com.tr/>

support to education, followed by health, environment and act of violence in family. Education is also the first expectation of the corporate agenda followed by the issues of unemployment, ethical behaviour, social security and health.

## **E. GOOD PRACTICE EXAMPLES**

### **Eczacıbaşı – İpek Kağıt**

According to the Turkish Ministry of Health, over the last decade approximately 589,000 people in Turkey have been subject to diseases caused by excretion which could have been prevented by the use of toilet paper and correct personal hygiene methods. On the other hand, the average annual consumption of toilet paper per capita in Turkey is 580 grams, approximately 8% the European average of 6.9 kg.

Within this context, İpek Kağıt organized personal hygiene courses for children aged 7-11 in the last 6 years to nearly 4.3 million students. The mission of the Solo Primary School Personal Hygiene Education Project aimed to contribute to the achievement of better health and higher living standards by teaching primary school students throughout the country the fundamentals of personal hygiene. Apart from improving health, increasing awareness and knowledge of hygiene principles should lead to raising toilet paper consumption in Turkey and thus contribute to the long-term sustainability of İpek Kağıt, the market leader. In this way, the project provides mutual benefit for all parties, making a business case for social development.

### **Sunjut (Drawn from Desktop Research)**

Sunjut is a textile factory which is located in Istanbul-Turkey and mainly produces technical textiles since 1968. To strengthen their position in the domestic and international market, the management decided to produce some part of their electrical energy by wind. The wind turbine project at SUNJUT was awarded by EUROSOLAR on the category of “Owner of installation using renewables” as being the first privately owned wind power installed for use in an industrial firm. The 1.2 MW wind power installed provides for most of the power requirements of the production plant. As this is the first wind farm built in a factory area, Sunjut played a key role in solving also the manifold bureaucratic obstacles. For other companies that want to follow this path, the realization has now become less difficult.

### **Aygaz**

The company established under Koç Holding operates in energy sector mainly in LPG production and distribution with around 1400 blue collar and 500 white collar employees.

Aygaz defines itself as being the closest company to society inline with Koç Group’s own corporate strategy. The concept in CSR activities also evolves around the same concept and the concerns are mainly categorized as education, health and culture and arts.

Aygaz manages its communication with its stakeholders mainly with the help of its dealer net all around Turkey. It receives opinions as well as feedbacks from the communities and retailers. There is also a call centre where people can share their opinions and complaints either about the products or activities of Aygaz in the particular province. Aygaz also sees children as a stakeholder in the sense that they will be the future customers who need to be well informed. With that in mind “Cautious Kid” Campaign 2002 and it targets to inform and educate the elementary school-level students on fires, earthquakes, traffic, first aid, and domestic and school accidents. “Ateşböceği Learning Units Project”, “Aygaz Alerts for Indoor Accidents” Campaigns are some other CSR projects that Aygaz has been implementing to build awareness.

Aygaz’s financial reports along with the CSR reports are completely disclosed to the public. Moreover, the impact of all of Aygaz projects are evaluated by well known universities and feedback evaluation reports are being formed. Aygaz takes it very serious to measure the effects and outcomes of its projects.

## **F. ANALYSIS OF CSR IMPLEMENTATION CAPACITIES IN THE COUNTRY (At the level of CSR promoters and companies)**

Drivers of CSR in country context can be classified by different stakeholders groups. For this reason, the section below tries to analyse the possible drivers and their capacities of CSR in Turkey. The possible drivers are as follows:

1. Corporate Governance and Financing Institutions
2. Multinational Companies
3. Regulatory Bodies for CSR: Government – International Recognized Treaties
4. Civil Society Organizations
5. Media

### **Corporate Governance & Financing Institutions**

Ownership of Turkish companies is highly concentrated with the families or individuals being the dominant shareholder. Demirağ and Serter (2003) indicated that Turkish companies do not have the structure of unlimited shareholders but limited shareholders, which is dominated by family members. Therefore, drivers of CSR in Anglo-Saxon corporate environment such as institutional investors or investor activism are not valid in Turkey.

Other drivers of CSR in Continental Europe like the banks are also not valid in Turkish corporate environment because most of the local private banks are under the control of the same wealthy companies (Demirağ and Serter, 2003). Therefore, the operations of these banks are concentrated on the companies of the family.

<b>Name of the Group</b>	<b>Name of the Bank</b>
Koç Group	Yapı Kredi Bank
Sabancı Group	Akbank
Doğuş Group	Garanti Bank
Zorlu Group	Sold its shares to Dexia – Previously Denizbank
Doğan Group	Sold its shares to Fortis – Previously Disbank

The leading document in Turkey regarding CSR implementation that can be considered as a sort of legislation is the “Corporate Governance Principles” issued by the Board of Capital Markets, which regulates the functioning of the capital markets in Turkey. The Principles were first announced on July 4, 2003, following the preliminary works conducted based on the “OECD Corporate Management Principles”, which were announced in 1999. The application of the principles by the corporations is on a voluntary basis. However, companies are obliged to include in their annual reports, firstly, whether these principles are applied or not. If not, they should give detailed explanation with justification why these principles are not applied. If the principles are applied partially, the companies should give in their annual reports detailed explanation how they plan to mitigate the problems emerged between the stakeholders as a result of conflict of interest and whether the company has any plans to apply the principles in the future. This information about the level of the application of the principles by the particular company should be made public as well. The motto of the Board is very simple: “Apply the principles. If you do not apply them, explain why you do not.”

The main reason why the CMB issued these principles is that in Turkey there is to guide publicly held joint stock corporations and to supplement existing corporate management legal framework which regard to independent board members remuneration policy and stakeholder management. The Board’s mission in this field is to be the leading institutions in the establishment of some legal framework for corporate management in Turkey.

This analysis shows that internal drivers related to meeting investor expectations – shareholder activism - in Turkey is not strong to enforce companies to act socially responsible. However, it is expected that Corporate Governance Codes will create some incentive for companies to report their interactions with their stakeholder groups.

With regard to CSR involvement of the CMB Corporate Governance Principles in the stakeholder part joint stock corporations are invite to disclose their CSR policies and report their CSR activities in the cg compliance report which is a part of their annual report.

Under this section it is also worth underlining that Social Responsible Investment is not known. But, the first carbon transaction in Turkey is recently done by Bilgin Energy Holdings. In early June 2006, 3C and Bilgin Energy signed an Emission Reduction Purchase Agreement for 72.000 metric tonnes of emission reduction certificates – so called Verified Emission Reductions (VERs) – from Turkey’s first large scale wind power park located in the Balikesir Region close to the Sea of Marmara. The project involves the installation of 20 wind power turbines with a total capacity of 30 MW. 3C purchased the emission reduction credits on behalf of 3C’s carbon offset client Credit Suisse in Switzerland.

## **Multinational Companies**

MNCs have more influence on the CSR agenda in Turkey compared to any other driver such as governmental agencies and regulations, corporate governance structure or culture. MNCs mostly have group wide strategies for CSR, as the drivers such as corporate governance structures, investors and NGOs are putting more pressure on MNCs. Therefore, with greater scrutiny over them, the CSR practices as well as the experiences are often more advanced and more deeply integrated into the core business. By providing new practices and developing strategies for partnerships with stakeholders and joint ventures with locals, a transfer of CSR practices to the local partners has started.

Activities related to children’s education and health, volunteerism, sponsoring NGO activities and partnerships with governmental agencies can be named as the key CSR activities of MNCs in Turkey. These activities aim at supporting the brand name and reputation of the MNC, while facilitating and contributing to the development of society. However, some of them only remained in direct sponsorships level or were supported by public relations consultancies rather than any part of stakeholder groups.

Mainstream CSR practices come with the pressure from international buyers with the issues of environmental and social standards. The pressure is especially high in the textile sector, when issues like child labour and “sweatshops” in developing countries got more attention. A lot of awareness raising has been taking place in the sector, from the buyers’ side as well as from international organisations and local NGOs. In this sense, efforts of the Joint Initiative to improve conditions and observance of labour rights for garment workers and their families in a specified number of Turkish garment producing facilities is an important activity.

Other than such volunteer actions, legal framework of the international bodies has also been an important driver of CSR. The Restriction of Hazardous Substances Directive (RoHS) 2002/95/EC, restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment. It is closely linked with the Waste Electrical and Electronic Equipment Directive (WEEE) 2002/96/EC which sets collection, recycling and recovery targets for electrical goods and is part of a legislative initiative to solve the problem of huge amounts of toxic e-waste. White goods exports of Turkey have to follow this directive as they are also important actors exporting to the European markets through original equipment manufacturer as well as with their own brands. This case clearly exemplifies the importance of the pressure from the side of international buyers.

Thus, MNCs do play an important role for both creating opportunities and monitoring the CSR issues in Turkey.

## **Regulatory Bodies for CSR: Government – International Recognized Treaties**

In the discussion of implementation of CSR, Volunteer vs. Regulatory framework has been an important debate subject that creates a fruitful discussion. To identify the elements of discussion in Turkish setting, a verb search on both official gazette and Turkish Grand National Assembly (TGNA) website was conducted. The results stated that there is no law that has the Turkish translations of Corporate Social Responsibility, “Kurumsal Sosyal Sorumluluk” or “Şirketlerin Sosyal Sorumluluğu” wording in it.

Although there is no specific law on CSR in Turkey, there are issues that found a space in two sources. The first source is the national laws that are related to CSR. Odaman (2004) states that the constitution 172 states confirms the protection of consumers law number 4077 and the labour law number 4587 forces companies to employ disabled people that represents the positive discrimination. The others are as follows:

1. Public Procurement Law No.4734
2. Environment Law No.2872
3. Union Law No.2821
4. Declaration of Wealth, to combat against Bribery and Corruption Law No.3628
5. The Banking Law No.5411
6. Renewable Energy Law No. 5346

The Law No.4077 governs the protection of consumers in Turkey. Although the law does not incorporate any provision directly related to corporate social responsibility, some provisions facilitate the procedures for the consumers to be compensated for the losses they had to bear due to purchasing faulty goods and services. The law envisages the formation of Consumer Courts where consumers can file any company for faulty goods sales or services provision without any dues and fees. The law also gives way to the closure of goods producers and services providers if their goods and/or services are found to be faulty. Compensation for consumers are also dictated in the law.

In the Public Procurement Law No. 4734 dated January 22, 2002 followed by seven amendments, it is clearly stated that those companies with proven tax debts and social premium debts could not participate in any of the public procurement tenders. Further more in the Public Procurement Contracts Law No 4735 dated January 22, 2002 followed by one amendment, it is stated that it is the responsibility of the contractor (the company) to take every precaution to guarantee the safety of third persons during the supply of the commodity to the related public administration.

Declaration of Wealth, Combating against Bribery and Corruption Law No.3628 aims to have supportive tool to fight against bribery and corruption by forcing individuals related to public work – including the owners of media, presidents of organisations whose activities are considered to be benefiting the public – to represent their lists of assets and properties.

The Banking Law No.5411 dated November 1, 2005, includes provisions regarding corporate management principles. These principles are mostly concerned with the management of the banks and formations of relevant bodies. However, the law refers to Board of Capital Markets and dictates that the corporate management principles shall be defined in cooperation with the Board.

With the adoption of the Renewable Energy Law No. 5346, dated May 10, 2005, that aims to encourage the use of renewable energy resources in Turkey, thereby decreasing the nation’s dependence on energy imports and fulfilling international obligations by reducing green-house gas emissions. It is supposed to contribute to domestic employment and socio-economic integration, enhances supply security by resource diversification and extends the periods for the utilization of fossil fuel reserves. The law also seeks to bring Turkey’s energy policies in line with those of the European Union.

Besides these laws trying to limit negative company effects, there are also supportive laws for companies' involvement in CSR. CSR related tax incentives are stated at Income Tax Law No. 193. According to Article 89 of this law, companies benefit from tax incentives for their charitable contributions and donations on the field of education which in fact triggered the support of corporations to the special campaigns such as "100% Support to Education" and "Girl's Let's go to School" which are organized by Ministry of Education and UNICEF.

Tax exemption can also be granted in Turkey for donations made to organisations whose activities are considered to be benefiting the public. Organisations can be granted such status by the cabinet only, in case they focus on one of the four areas: education, health, scientific research, and arts and culture. About 200 foundations out of approximately 3,500 private foundations have been classified as serving 'public good'. In this sense, tax exemptions are only for philanthropic donations.

The second source of the legal framework is the international treaties and conventions that Turkey has signed. Some of these treaties and conventions are: Universal Declaration of Human Rights, Convention on the Rights of the Child, OECD Guidelines for Multinational enterprises and conventions of International Labour Organization such as Equal Remuneration Convention (1951), Discrimination (Employment and Occupation) Convention (1958), and Worst Forms of Child Labour Convention (1999), Right to Organize and Collective Bargaining Convention, (1949). As these conventions cover the most fundamental human rights issues especially on working rights and elimination of child labour, they are all important to set up standards for socially responsible behaviours of companies. In this sense, following up these human rights issues and ratifying these conventions set up an important scene for Turkey and Turkish companies to build and to implement CSR policies.

Under ILO/IPEC guidance and cooperation, and within the framework of "Assistance to Enhance the Status of Women Workers and Combat Child Labor Project" Ministry of Labor and Social Security has been implementing various projects to decrease the level of child employment in Turkey since 1991.

The membership talks to the EU are a strong driver to the development of CSR in Turkey. The following issues have been raised on a call from the Secretariat General for EU Affairs on 21st March 2007 for NGO community to comment and share their ideas on the issues of *acquis communautaire* of the European Union. The below issues related to CSR will be raised by the Turkish Government to adjust Turkish laws with the *acquis communautaire*. The following harmonization processes related to CSR will take place in the coming years to adjust Turkish laws with the *acquis communautaire*.

Financial Services / Responsible Ministry: Capital Markets Board, Banking Regulation and Supervision Agency (BDDK), Undersecretary Of Treasury	The harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (Directive 2004/109/EC)
Public Procurement / Responsible Ministry: Ministry of Finance	The coordination of procedures for the award of public works contracts, public supply contracts and public service contracts to support PPP's. (Directive 2004/18/EC)
Free Movement of Capitals / Responsible Ministry: Ministry of Finance	The prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Directive 2005/60/EC)  Money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime (2001/500/JHA: Council Framework Decision)

<p>Environment / Responsible Ministry: Ministry of Environment and Forestry</p>	<p>Prevention and Remedying of Environmental Damage (Directive 2004/35/EU)</p> <p>The assessment of the effects of certain public and private projects on the environment (Directive 85/337/EEC)</p> <p>Waste (Directive 2006/12/EC)</p> <p>Eco-label award scheme (1980/2000/EC of the European Parliament and of the Community)</p> <p>Establishing a scheme for greenhouse gas emission allowance trading within the Community (Directive 2003/87/EC of The European Parliament and of The Council)</p>
<p>Social Policy and Employment / Responsible Ministry: Ministry of Labour and Social Security</p>	<p>With regard to European Social Charter and ILO (International Labour Organisation) Convention 87 Concerning Freedom of Association and Protection of the Right to Organise and ILO Convention 98 Concerning the Application of the Principles of the Right to Organise and to Bargain Collectively</p> <p>Worst Forms of Child Labour Convention Child Labour – ILO 182</p> <p>Council Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work</p> <p>The minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) (Directive 2004/40/EC of The European Parliament and of The Council)</p>
<p>Protection of Consumers / Responsible Ministry: Ministry of Industry and Trade</p>	<p>Unfair terms in consumer contracts (Council Directive 93/13/EEC)</p> <p>Relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (Council Directive 84/450/EEC)</p> <p>Injunctions for the protection of consumers' interests (Directive 98/27/EC of The European Parliament and of The Council)</p>

The lack of CSR policies in Turkey reflects itself on the governance side as well. Hence, there is no direct CSR related positions in the administration. As there are laws related to CSR issues, its governance is also dispersed into different ministry positions such as:

- Ministry of Environment and Forestry – Environment
- Ministry of Trade and Industry – Standards
- Ministry of Labour and Social Security – Labour Issues

Besides these, there are agencies working on some of the CSR related issues.

Capital Markets Board of Turkey (CMB) is the regulatory and supervisory authority in charge of the securities markets in Turkey. Empowered by the Capital Markets Law (CML), which was enacted in 1981, the CMB has been making detailed regulations for organizing the markets and developing capital market instruments and institutions for the past 25 years in Turkey. Based on the main objectives of fair and orderly functioning of the markets and protecting the rights of investors, the CMB has a wide range of responsibilities. However, the major objective is to take the necessary measures for fostering the development of capital markets, and hence to contribute to the efficient allocation of financial resources in the country while ensuring investor protection. Accordingly, the CMB is the regulatory body for Corporate Governance issues.

The GAP RDA (South-Eastern Anatolian Project Regional Development Administration) is an administration that works on sustainable development in South East of Turkey. The GAP RDA was established upon the Law Decree no. 388 with a mandate to ensure the rapid development of areas covered by the region of South-eastern Anatolia. The organisation

of the Administration comprises the Higher Board for South-eastern Anatolia Project and the Presidency of GAP RDA (Presidency of GAP Administration). GAP RDA has quite number of experience working in the field of sustainability with the international organizations such as the UNDP.

This example represents that governance structure of Government involvement is spread into different categories.

Thus, laws and regulatory frameworks are only in charge of the protection of rights. However, for the development of a holistic strategy and promotion of a sustainable CSR approach, government interaction is needed.

## Civil Society Organizations

As the examples of Greenpeace vs. Shell at the Brent Spar Case, Baby Milk Action group vs. Nestle, Amnesty International vs. Blood Diamonds show Civil Society Organizations (CSOs) are big pressure groups for companies to be socially responsible at the international level.

Turkish legal system defines two kinds of CSOs, Associations and Foundations which are under the authority of two institutional bodies. According to the data of Department of Associations, there are around 75,000 active NGOs in Turkey and foundations are not included in these figures. All CSOs (foundations and associations) have undertaken many initiatives to reinforce their own capacity building on administrative, legal and financial skills.<sup>6</sup>

There are only two associations in Turkey dealing exclusively with CSR and sustainable development. These are the CSR Association of Turkey and the Turkish Business Council for Sustainable Development. All other foundations have the topic CSR/sustainability as a subordinated topic on their agenda.

Business Association for Sustainable Development represents Turkey at the international level as a member of the World Business Council for Sustainable Development (WBCSD). Business Association for Sustainable Development pays great attention to its relations with the official organizations and local administrations in communicating and adopting the Sustainable Development approach on individual and social basis. Within this respect, the association supports all the activities of the official organisations and local administrations connected with the issue and will make initiations in order to increase the leading role of the government.

CSR Association in Turkey established in 2005 with the mission to create tools, resources and methodologies for business to behave socially responsible on social, economical and environmental issues so that business can have a positive impact on the development of the society. Their activities involve research, conferences and promotion of CSR.

There are many other NGOs that are effectively working on the related areas of CSR. Some of the most influential ones are as follows:

Corporate Governance Association of Turkey (TKYD) is a NGO in the field of Corporate Governance. Its mission is to establish, develop and assist the Corporate Governance Best Practices in Turkey, both in private and public institutions. TKYD leads corporate governance initiatives in Turkey through promoting the culture and assisting the implementation of best practices and has 350 members representing the business. Effective Governance in Boardrooms training program aims at promoting good governance among Turkish businesses. Besides, TKYD provides Turkish businesses with valuable research data and useful guides for implementing good governance effectively. Research project “Corporate Governance Map of Turkey” was completed in 2005 in cooperation with Boston Consulting Group. OECD Revised Principles of Corporate Governance and the forthcoming governance research conducted with Istanbul Bilgi University are among other TKYD publications.

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6 [www.dernekler.gov.tr](http://www.dernekler.gov.tr) – Web site of Department of Associations in Turkey

TEDMER's (Turkey's Ethical Values Centre) mission is to develop projects in institutions and to improve the relationships between institutions, regardless in which sector, to offer support and services to institutions and organizations, to define corporate ethical codes, and to create benchmarks and standards. In line with such works, TEDMER's mission is to contribute to economic, cultural and social life in Turkey, thereby causing the social life quality to rise to the standards of developed countries. Some of the activities involves conducting research in the area of ethics in all sectors, launching an "Ethics Barometer", a research tool to monitor and measure ethical awareness and improvements in the private sector on a quarterly basis, collecting data on problem areas and critical issues regarding ethical decision making and sharing these with the public, providing "Ethics Programs", focusing on pre-selected sectors, for both the small and the medium size enterprises and also large businesses in Turkey, organizing an "Ethics Summit" on an annual basis, giving "Ethical Conduct" awards to key decision makers within the framework of the "Ethics Summit", conducting "Ethics Training Programmes" for ethics officers, ethics consultants and ethics trainers on semi-annual basis.

The following organizations are not dedicated to CSR however are important actors promoting CSR issues.

Private Sector Volunteers Foundation (OSGD) is another organization which is conducting activities related to CSR. It is established in July 2002 to promote volunteerism within the corporate world in Turkey by creating a dynamic relation between society and the private sector. Their projects can be named under the community involvement activities of CSR. Their main activity is to link corporations with NGOs.

TÜSEV's (Third Sector Foundation of Turkey) mission is to strengthen the legal, fiscal and operational infrastructure of the third sector in Turkey and the foundation which runs programs and projects with a combination of funding from endowment returns, annual funding from local network partners (Turkish foundations and associations), and international partners. Cross-sectoral communication (to facilitate NGO-government and NGO-private sector partnerships) is one of the goals of TUSEV. On 6 July 2004, TUSEV with support from the Charities Aid Foundation, and in partnership with the Corporate Volunteer Council organized a conference for private sector representatives on Corporate Community Investment. This is a unique example that shows that CSR is only part of the activities that NGOs do. There is no common definition, language and knowledge on CSR, which affects the CSR practices.

Turkish Society for Quality (KalDer) has the mission to motivate and prepare an appropriate environment for all organisations public, private or non-profit, in which these organisations can reach world-class quality level and increase their competitiveness. As quality management cycle involves CSR it is expected that Turkish Society for Quality will be willing to working with us. Meanwhile, it must be noted that the concept of CSR have been discussed in their National Quality Conferences in last two years. The most important activity of KalDer is to organize National Quality Congress that focuses on quality and trends of management.

KalDer's establishment was strongly supported by TÜSİAD (Turkish Industrialists and Businessmen's Association) which dedicated itself to development of Turkey. TÜSİAD is a non-governmental voluntary association composed of individual members and structured in compliance with the Turkish Law on Associations. As of October 2005, it has 541 members. Its members have generated 47.2% of Turkish exports and 18.2% of Turkish imports in goods and services. Additionally, the volume of exports and imports generated by TÜSİAD members is 13 billion USD and 9.9 billion USD respectively. TÜSİAD sees CSR as an important topic for Turkey in which they have reports [Handbook on Business Ethics (1992), Demographic Trends and Social Development (1998), Corporate Governance Code of Best Practice: Composition and Functioning of the Board of Directors (2002) which emphasizes the way the private sector companies should be structured within the framework of the 4 fundamental principles of corporate management – transparency, accountability, equitability and responsibility, Ethics in the Public Service: Contemporary Issues and Practices (2003) which is the Turkish translation of OECD's Public Management Department's study on the ethics in public services and rules of conduct] and projects on CSR issues such as the Environment Platform for Sustainable Development and supporting woman's participation in politics. Its leadership is vital for the development of CSR issues and practices.

The Union of Chambers and Commodity Exchanges of Turkey (TOBB) is the highest legal entity in Turkey representing the private sector and has 364 members in the form of local chambers of commerce, industry, commerce and industry, maritime commerce and commodity exchanges. TOBB aims, parallel to the developments elsewhere in the world and in its capacity of the highest level representative of the Turkish private sector, at ensuring unity and solidarity between chambers and commodity exchanges, enhancing development of the professions in conformance with general interest, facilitating professional work of members, promoting honesty and confidence in the relations of members with one another and with the general public, and preserving professional discipline and ethics. TOBB organized events as part of the information campaign on CSR for SMEs (Small and Medium Sized Enterprises) in 2005 with the support of European Commission Directory of Trade and Industry.

These organizations have succeeded a lot in creating a better atmosphere for the development of CSR. Ararat (2003) stated that “After experiencing 3 military coup d’etats in 20 years, Turkey has been deprived of strong civil society initiatives and many of the existing NGOs are serving as social clubs rather than fulfilling their roles as development agents of the society.” which created an space for the development of NGOs as it is still slow and inadequate in Turkey.

This space has been tried to be fulfilled as the Turkey’s candidacy for accession to the EU has necessitated a platform for the capacity building of NGOs. NGO Training and Research Centre of Istanbul Bilgi University and Civil Society Development Programme, which is supported by EU Commission, are the outcomes of this process. So, a slightly growing influence of NGOs on CSR has started to be observed very recently and the interaction limited to sponsorships and partnerships in community involvement programmes give both parties the chance to learn and share experiences. Thus, it can be expected that CSOs can be effective in CSR implementation in the medium run.

To be mentioned in this context, there are especially one project led by the international NGOs, which resulted in changes in the way the projects have been implemented:

Greenpeace supported local groups of Bergama against Eurogold. The company wanted to further develop a gold mining project, using cyanide which would severely limit the use of the land for agriculture and which would also endanger the general environment. In March 2006, the villagers finally won a court case in front of the European Court of Human Rights against the Turkish government and now at least compensations can be claimed.

Thus, the number and the capacity of Turkish NGOs are increasing to support CSR. However, they are still behind the monitoring role. As most of the influential NGOs are established by business leaders, if not they are depending on the sponsorship of companies which makes them dependent on companies. This also effects the formation of dogwatch organizations, which Turkey is in need. Thus, overall Turkish NGOs are not yet ready to enforce SR in terms of issues like human rights, consumer protection, environment and labour rights, but at an accelerating rate they are increasing their capacities for project management and execution.

## Media

In many countries, the media can be a strong driver drawing public awareness to misbehaviour and thus forming the public opinion. In Turkey, increasing monopolisation has brought critiques to press independence, as a few large media groups dominate the press, radio, internet and more importantly television. Moreover, some groups of the media are also involved in other economic sectors, thus not having an incentive to criticise businesses.

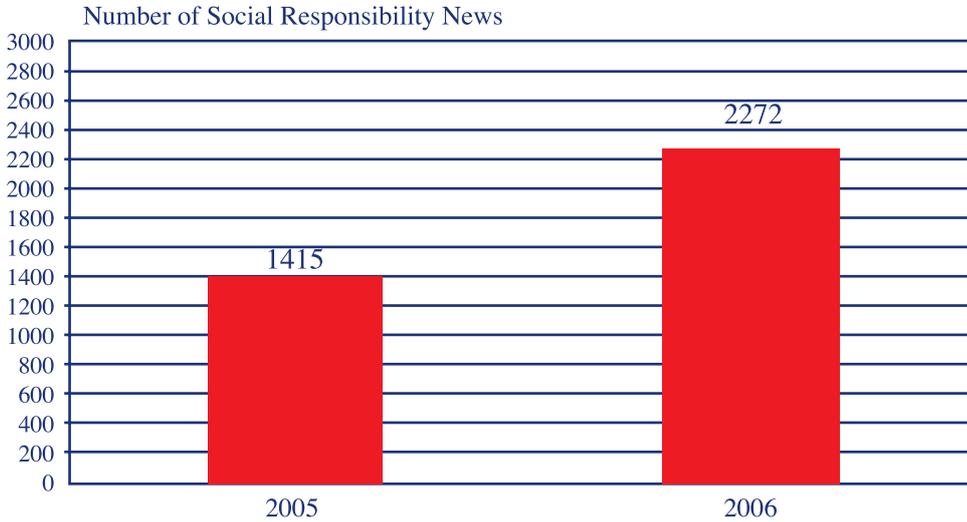
During the desktop research the NET conducted a small analysis of the media. For doing that, the keywords “Social Responsibility” were searched and all the news covering the keywords for the years 2005-2006 were brought together under a database. The News/Columns which were included in the analyses were obtained through the source of Mediaprof<sup>7</sup> media monitoring database of PRNet Inc.<sup>8</sup>

7 <http://mediaprof.prnet.com.tr>

8 PRNet Halkla İlişkiler Araştırma ve Değerlendirme Hiz. AŞ, Büyükdere Cd. Meydan Sk. Spring Giz Plaza B Blok, No: 17-18 Maslak İstanbul (+90) 212 328 18 09 [www.prnet.com.tr](http://www.prnet.com.tr)

3,687 news were determined with the keyword “Social Responsibility” between 2005 and 2006 in all national newspapers. There is a sharp increase in the number of news in year 2006 compared to 2005. The number of published news in year 2006 is 2,272 whereas it was 1,415 in 2005.

**Figure 1 The Number of Social Responsibility News in Turkish Dailies by Years 2005 and 2006**



For the detailed analyses, 5 newspapers, i.e. Sabah, Hürriyet, Cumhuriyet, Zaman and Dünya were selected as the sample of the study. There were three main criteria in selecting newspapers to be included into the study. The first was circulation; some newspapers have huge voices in Turkey. Hürriyet and Sabah were selected because of having higher circulation figures in 2001-2005 periods. Hürriyet and Sabah, having high circulations in Turkish media and following popular line in their pages, were selected to represent Doğan and Ciner (Merkez) media groups. The second dimension was to discover differences between left-right views towards social responsibility subject. Cumhuriyet and Zaman were included to the sample because of their different ideological stands. Cumhuriyet, which has been published since the year 1924 and being the oldest in Turkey among the current daily newspapers, is well-known for its social democrat position and its commitment to Atatürk’s premises. On the other hand, Zaman, which has been published since 1986, reflects a more Islamic view. The third criterion was set to see a newspaper dominated by economy-related news. The Dünya newspaper, which is close to business world, has been published since the year 1981.

Table 1 gives cumulative number of news/columns over selected 5 newspapers and the whole number of news/columns for the 2 years period. The number of news/articles containing “Social Responsibility” keywords is 751 within the 5 newspapers limitation.

**Table 1 The Number of Social Responsibility News by Selected Newspaper by Years 2005 and 2006**

Newspaper	Years		Ranking acc.to news #
	2005	2006	
Dünya	105	162	267
Hürriyet	55	110	165
Sabah	60	54	114
Zaman	56	52	108
Cumhuriyet	41	56	97
TOPLAM	317	434	751

When the distribution of the news/columns by years is analysed, newspaper which is at the top in publishing the news/columns about social responsibility issues are Dünya in 2005 and 2006 with 105 and 162. Dünya is followed by Hürriyet (165 news), Sabah (114 news), Zaman (108 news) and Cumhuriyet (97 news). These results showed that Dünya newspaper which has the content about business world in Turkey is at the top in giving CSR news/articles. In Hürriyet, there was a significant increase in the number of news/articles in 2006 compare to the previous year. It was also observed that left and right oriented newspapers – Cumhuriyet and Zaman- are less concerned about the CSR issues.

The 751 news of the selected newspapers are categorized according to the topic of the news. Looking to the number of news/articles by subjects; it was observed that ‘education’ subjects related to the CSR got the highest share among others with 37.7%. This was followed by ‘environment’ (18.2%), ‘health’ (12.3%), ‘art & culture’ (11.4%) and ‘development’ (7.4%) issues. The rest was shared by the issues about social responsibility news/articles for disabled people, sports facilities, women projects and the activity announcements.

It is necessary to note here that some of the newspapers and the broadcasters have supported campaigns such as organ donation (CNNTURK Television Broadcaster), compulsory education for girls (Milliyet Newspaper), fighting against violence in the family against woman (Hurriyet Newspaper), developing reading habits program which created awareness in society. Radikal Newspaper has a special Environment section where news about environment and climate change are published everyday.

One important outcome of the analysis indicated that most of the topics and the CSR projects of media companies are related with positive interactions rather than the negative impacts. It is expected that the Media will play a great role in promoting and advocating for social issues where they will not be in a position to critique companies unless there is a conflict of interest.

## **Service Providers**

According to PRCI ICCO/Turkey Communication Services Perception Research in 2002, 58% of the CSR services are outsourced by companies and 90% of this is provided by PR companies. Their services mostly involve communication, NGO-business partnerships and community development projects.

There are several companies that have positive impact building up CSR strategies and implementation – through public relations - when necessary. However, they are behind getting into the roots of CSR issues and more importantly they lack tools to follow up and develop such as reporting and assurance.

## **International Organizations**

As Turkey’s engagement with international environment has increased such as the increase of the foreign direct investment and membership talks with the EU the impact of International Organizations in Turkey has a parallel increase towards CSR.

Global Compact was launched in Turkey in 2002. UNDP Turkey has been providing support to the implementation of the Global Compact which reached to 70 active signatories in Turkey. There is a steering committee of the local network which manages the operations of the Global Compact in Turkey. Other international organizations focused on CSR in Turkey are World Bank, UNIDO, ILO and French Development Agency (AFD).

UNDP had first introduced the Global Compact (GC) to a large private sector audience at the Forum-Istanbul Meeting “Marching Towards 2023” in March 2002. Similarly, the MDGs (Millennium Development Goals) had also been introduced to the Forum Istanbul in May 2004. The establishment of the UNDP Project Office in Istanbul by September 2005 was

an important turning point for the visibility of GC in Turkey. The Partnership with the Private Sector Project has been implemented together with the Corporate Governance Association of Turkey (TKYD), has certainly been at the heart of such an objective in order to incorporate private sector within the process of development and promotion of the GC.

The GC Steering Committee comprised of leading companies and organisations in Turkey which have become participants to the GC initiative. The members of the Committee are as follows:

Private Sector: Koç Holding, Eczacıbasi Holding, Aviva Insurance, Coca-Cola

NGOs: Corporate Social Responsibility Association, Quality Insurance Associate of Turkey, Corporate Governance Association of Turkey

Confederations: Turkish Confederation of Employer Associations, Confederation of Turkish Trade Unions

State Institutions: Ministry of Industry and Trade

UN Agencies: UNDP, UNIDO, ILO

Along with UNDP's GC advocacy strategy in 2006, the number of GC participants has increased to a great extent reaching a total of 109 as of January 2007. This number, however, decreased to 67 with the inactivation of 18 non-communicating participant in October 2006 and an additional 24 participants in December 2006. Among these 67 participants, 55 of them have joined the GC in 2006, which constitutes the 82% of the current GC network in Turkey. There are 16 non-business GC participants along with 51 companies within the local network in Turkey. By 07th January 2007 the number of member organizations to GC is announced as 108.

Beside UNDP, international organizations such as AFD, International Finance Cooperation (IFC) and World Bank have some activities. The AFD has activities to support the diffusion of more responsible practices in the social and environmental matters within the Turkish companies by supporting the responsible investments of SMEs and micro companies, and by establishing partnerships with private groups. The AFD thus aims to promote the concept of CSR as an investment as important as technical investments. In order to reach these goals, the AFD has chosen to establish partnership with the banking sector. In this perspective, AFD granted a 20 million EURO credit line to Türkiye Sanayi Kalkınma Bankası (TSKB) and a 50 million EURO credit line to Halkbank in 2005 in which AFD required CSR rules to be implemented in the usage of these credits. Besides, a new partnership is being negotiated with a private commercial bank. This credit line would target SMEs and be accompanied with an ambitious CSR programme with workshops, training and CSR diagnosis. In 2006, AFD also prepared a report on current social and environmental practices, initiatives in Turkey and the potential role for AFD for their improvement and promotion.

The IFC has indirect CSR activities. During the Turkish financial crisis of 2001, micro, small and medium sized enterprises were particularly hard hit, and investment flow to this sector continues to remain small. The IFC sponsored and organized a microfinance conference that brought together international financial institutions, leading microfinance practitioners, and regulatory experts to share experiences of microfinance delivery throughout the world. IFC helped authorities modify draft legislation so that it addressed important microfinance delivery models such as not-for-profit microfinance institutions, non-bank microfinance institutions, and commercial banks specialized in microfinance.

Most of the activities of World Bank can be submitted under the category of CSR such as the Small Grants which distributes grants up to 5,000 USD for projects submitted by NGOs active in social matters specifically on the topic of Youth. In 2003 World Bank Institute organized e-learning program which aims to establish or strengthen existing corporate responsibility policies and practices by focusing on competitiveness and good governance. The program has been organized to student of İstanbul Bilgi University and AIESEC's (International Association for Students of Economics and Commerce) local branch in Turkey.

The GTZ (German Agency for Technical Corporation) has convened a National Round Table in Turkey on Social Standards under the auspices of the AVE (Foreign Trade Association of the German Retail Trade). National Round Table in Turkey on Social Standards holds up continuous meetings since 2004, with the aim to promote and support the social dialogue between companies and labour unions. Some of the participants are as follows:

Ministry of Labour and Social Security, Undersecretariat of Foreign Trade, International Labour Organization ILO, İstanbul Chamber of Industry, Textile, Knitting and Clothing Industry Workers' Union of Turkey (TEKSİF), Association of Turkish Garment Industries, İstanbul Textile Employers' Association (TÜTSİS), Union of Textile Thread, Knitwear and Garment Workers of Turkey (ÖZ-İPLİK-İŞ), The General Secretariat of İstanbul Textile & Apparel Exporters (ITKIB).

Through this round table, seven information and sensitisation workshops have been held for suppliers: 211 companies with 422 corporate representatives took part. Workshops have also been held for stakeholders (government, union, NGO and private-sector decision-makers) in which 47 representatives of 23 organisations and institutions participated.

The last but not the least, European Commission Directory General of Enterprise and Industry financed TOBB to organise events as part of the information campaign for SMEs in 2005.

These indicated that international organizations as they are not embedded or bordered with local defectiveness, they are the most influential group shaping and directing CSR in Turkey and a valuable partner creating awareness on internationally accepted perspective of CSR.

## **G. RESEARCH OUTCOMES**

The research was based on a desktop research and supported by stakeholder and company interviews.

Stakeholder interviews had one university and municipality and 7 non-governmental organizations. It can be stated that the most of the NGOs see CSR as community involvement projects of companies. This affects the approach of involvement which is then to be based on sponsorships. This fact was parallel to a statement at the desktop research. The recent research data from independent research institutions indicated that society expects that companies involve in community involvement programmes.<sup>9</sup> So, NGOs in Turkey benefit from this expectation and shape their involvement accordingly.

Another involvement of NGOs with private sector was based on giving services for companies. Private Sector Volunteers Foundation (OSGD) matches employees of private sector and NGOs to let them work for NGOs at their free time as well as working hours. Oil Industry Association (PETDER) collects waste oils of its members and finally AKUT gives trainings and consultancy to companies for emergency management, first aid and occupational safety and health. The NET believes that this methodology is more sustainable than sponsorship and is a bridge for better stakeholder engagement as it creates a platform for communication and understanding of the needs of parties involved.

The engagement of NGOs and business in Turkey also created a better understanding for the issues of transparency and accountability of NGOs to society at large. Turkey Educational Volunteers Foundation (TEGV), Community Volunteers Foundation (TOG) and AKUT are announcing their financial reports at their web sites and making use of external auditing companies like Price Waterhouse & Coopers and Ernest & Young. NGOs also created a baseline for Socially Responsible Investment. Two of the interviewed NGOs stated that they will not be working with tobacco and alcohol companies, reflecting their ethical standards.

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<sup>9</sup> Akademetre "Sponsorships in Turkey 2006". According to this research the society seeks sponsorships in the following areas education (70%), health (34%) and Culture&Arts (21%) and Environment (19%)

Some of the important facts drawn from the stakeholder interviews can be stated as follows:

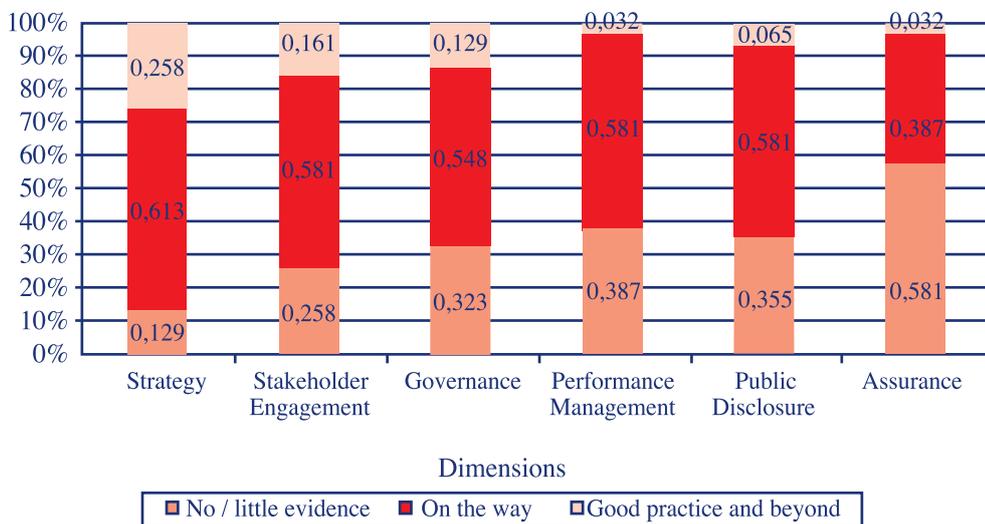
- NGOs mentioned Kardelen Project of Turkcell, companies like Eczacıbaşı, Coca-Cola as good examples of CSR in Turkey,
- NGOs criticised companies as they think companies are trying to act like NGOs but are not effective and efficient in resource allocation,
- Media’s support to NGOs is crucial as more news appears in press the amount of donations and support increases as well,
- NGOs suggested that CSR activities must be financed not through marketing budget but another budget for CSR can be allocated,
- NGOs are also organising CSR trainings for the companies.

As it is noted, NGOs community in Turkey has a starting base for CSR engagement. However, it is seen that CSR approach is more focused on creating opportunities for businesses while helping the development of societies in which they operate rather than preventing harm by eliminating risks, especially those related to human rights and the environment.

For the other stakeholders, the municipality and the university, CSR was not a topic. Turkish NET believes this is because of the economic and social development of two cities where the interviews were held. However, it can be added that awareness on CSR for other stakeholder groups must be improved.

Looking at the company side, it can be stated that CSR in Turkey is developing in a slow but at a sustainable pace. From left to right, the below chart illustrates that there is a willingness or a desire for CSR implementation in Turkey without adequate tools such as performance management, public disclosure and assurance.

**Chart 1 – CSR Engagement in Turkey:**



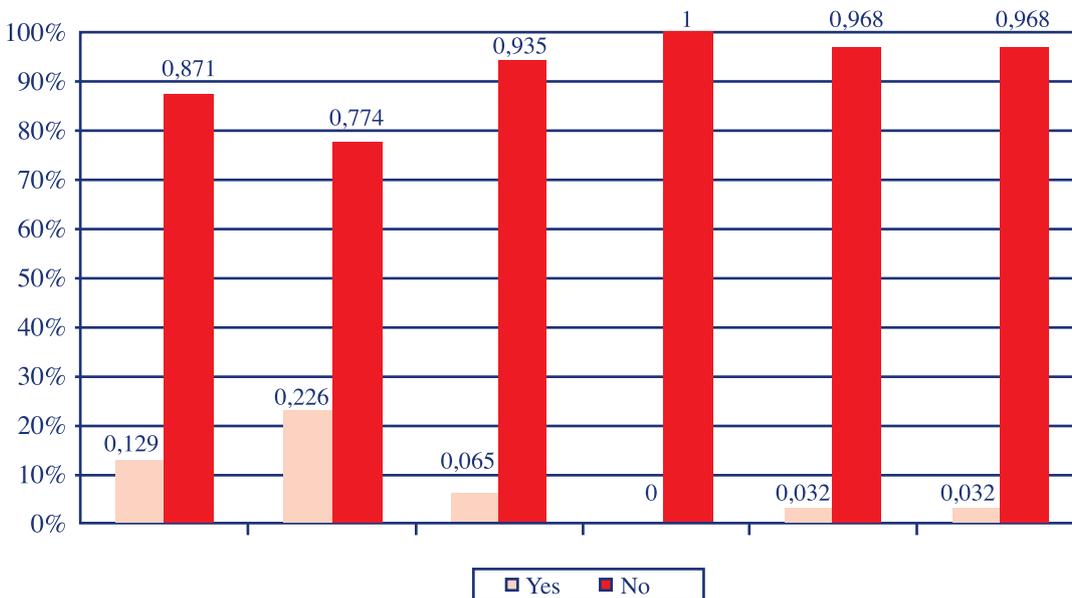
Companies in Turkey try to integrate CSR into their mainstream business strategy. Strategy section has provided the most position that match with the scores “on the way” and “good practice and beyond” (nearly 75% of the interview companies). 8 companies provided the necessary criteria of a specific strategy that addresses social and environmental issues. One example is a leading MNC working in dairy sector who defines its strategy as providing support for a healthy growing generation. Inline with this goal, the company states its CSR activities as starting at the production level. Quality of the products, achieved by informational meetings and trainings for the milk suppliers along with the ever improving production techniques constitute the basic step. Followed by the projects for children -who are considered to be the very consumers of the products which cover education and health issues.

Stakeholder Engagement is the second area in which companies showed the highest scoring for “good practice and beyond”. Most of the MNCs state that they keep in close contact with government, NGOs, suppliers etc. and of course the consumers to modify and improve their CSR activities and to consider the demands. One National company operating in the energy sector organizes regular meetings with its suppliers, provincial retailers just to discuss CSR projects. This dialogue which itself is considered to be a part of the CSR implementation is also empowered with the opinions and suggestions of governmental bodies. Having said this, NET believes that fulfillment of ILO Convention 98 Concerning the Application of the Principles of the Right to Organise and to Bargain Collectively needs to be ratified to support the stakeholder engagement at the local level.

Assurance represents itself through an independent search on management and disclosure around CSR risks and opportunities. This criterion is the least that Turkish companies can illustrate – only 1 interviewed company – to implement in their CSR approach. Performance management again – only 1 interviewed company – could represent a sufficient practice of performance management. Most companies mentioned that they have financial audits by independent institutions. However, their CSR reports are less formal, usually attached to the annual reports as subsidiary and they do not receive such kind of checks specifically for their CSR activities.

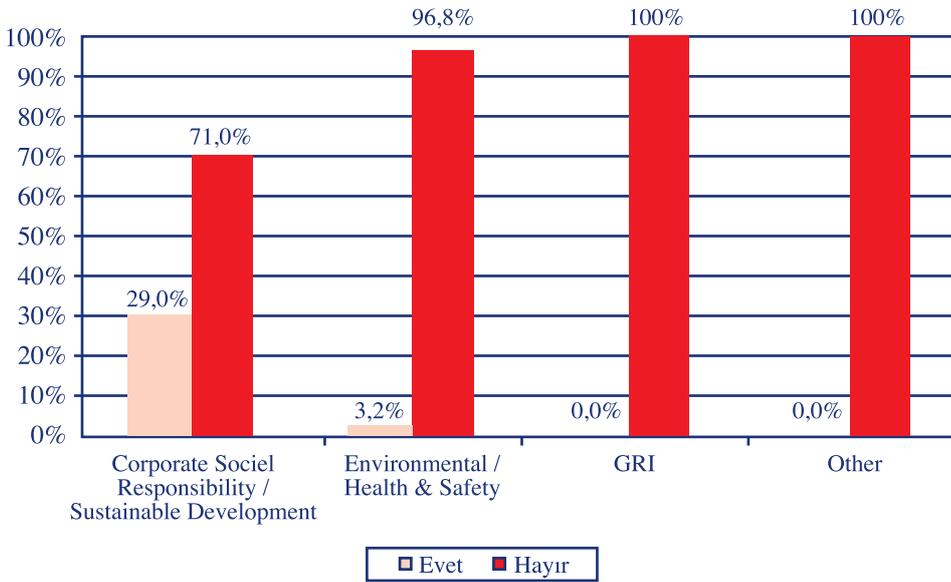
Overall, it is observed that half of the Turkish companies reflect a level of participating to CSR issues. In every criterion, half of the companies provided the necessary examples to be evaluated as “on the way”. However, the tools of implementation such as joining to initiatives and reporting are relatively insufficient. Please see below Chart 2 and Chart 3 respectively.

**Chart 2 – Initiatives**



The participation of Global Compact and ISO 14001 represents a level of initiative that is in progress. Some of the companies interviewed whose subsidiaries have not signed the Global Compact have expressed themselves that they are committed to the Global Compact, but as a corporate decision, the subsidiaries will not need to sign it, since the headquarter office has signed on behalf of all subsidiaries. So, some of the Global Compact members are not expressed in the chart above. The case of Koç Holding companies represents an interesting case, as Holding signs the GC on behalf of all 117 Koç companies which they have shared the information and implementing the principles to all companies. The case of GC initiative shows that encouraged by an organization Turkish companies can make the use of the tools and initiatives that are expressed and communicated.

**Chart 3 – Reporting**



No legislation corresponding to the EU legal basis on Eco-Management and Audit Scheme (EMAS) has been adopted yet. However, a law was passed in November 1999 establishing a Turkish National Accreditation Body which is expected to play a role in EMAS implementation. A National Accreditation Body appointed in June 2000. Since, 3 sites have implemented EMAS on a pilot basis as part of a LIFE- Third Countries supported project which included the following activities: review of the institutional set up, awareness campaign and training for industry.

The lack of Global Reporting Initiative (GRI) and other reporting structures follows the previous statement. As there is no organization strongly supporting and advocating for GRI and other reporting, this creates an atmosphere that is not fruitful not only for companies but also for stakeholders who would be expected to monitor and challenge company practices.

Thus, overall the company interviews showed that companies in Turkey have big desire for integrating CSR into their businesses. On the other hand, the capacity of their tools is behind the level to create a sufficient and effective CSR environment. Adding up the lack of power and influence of stakeholders, it can be concluded that CSR in Turkey is biased with the desire of companies to have positive impact on society through involvement. However, the efficiency of this situation is not measured and monitored accordingly.

## **H. FINDINGS AND RECOMMENDATIONS FOR FURTHER ACTIVITIES**

Turkey’s membership to EU has been widely discussed by different stakeholders groups in the European Union. Whether the discussions were in opposition or pro, the case is that Turkey is in a different development stage and it has special economical and cultural characteristics than other candidates or new member states. Therefore, while constructing a CSR strategy, it is highly recommended that country specific issues must be taken into account. In this sense, the following strategies must be taken into consideration:

1. Focusing that CSR is a means to an end
2. Business leadership is the key and needs to be promoted
3. Building up/Supporting institutions on the CSR Field is needed
4. Role of Government is crucial for setting up the scene

5. Industry Level Partnerships must be supported
6. Aim for Continuous Improvement not Perfection

### **1. Focusing that CSR is a means to an end**

The foundations of CSR practices (in terms of philanthropy and community involvement programs) are rich in Turkish business community, but they are far from business cases that minimize risk and/or create new business opportunities. Thus, the common understanding of CSR in Turkey is that CSR is seen as an ad hoc activity supported by philanthropic donations and community involvement programs and it is not a tool for earning competitive advantage by creating opportunities (such as the innovation in products and services, the creation of new markets or the development of new business models or even more importantly minimizing risks for issues like environment and labour rights).

Therefore, it is important to promote CSR:

1. To be more connected with the international perspectives, which on the medium term should combine with local issues to form a common understanding of CSR in Turkey,
2. To involve social partners into communication with businesses, not only for philanthropy and community involvement programs but for more stakeholder analysis and engagement,
3. To position CSR as a business model rather than an ad hoc activity, supply chain best practice, enterprise development and human rights, whether for larger corporations or for small and medium sized businesses,
4. To organize advocacy campaigns to promote the business case benefits of corporate responsibility and the role of business in development by a continual programme of research, case studies, analysis, websites and media analysis.

### **2. Business leadership is the key and needs to be promoted**

The role models – leaders – are successful benchmarks for other individuals. Therefore, developing a network of champions and change agents among both Turkish business leaders and NGOs is crucial. Their voice and their actions will determine the pace and depth of change within the business community. To do this requires a number of elements:

1. Creating networks for different industries and sizes,
2. Promoting the outcomes rather than their activities,
3. Awarding and appraising successful initiatives,
4. Mechanisms for engagement – creation of projects and products and platforms which provide opportunities for involvement over the long-term.

### **3. Building up/Supporting institutions on the CSR Field**

Building up/Supporting institutions on the CSR Field is needed for appropriate business participation. In this sense the following strategies can be applied:

1. Issues of CSR in the country must be identified and priority fields must be framed and supported via institutions
2. Empowering independent civil society organizations.
3. Creating trust between civil society organizations and business
4. Institutions or some volunteer bodies must be implemented for developing CSR monitoring tools to support public disclosure and assurance.

#### **4. Role of Government is crucial for setting up the scene**

National legislation/regulation performs an important role in establishing minimum levels of behaviour in areas such as: financial probity; human and labour rights; environment, health and safety; transparency and corruption. It sets the base on which CSR builds to go further and do better.

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. Promoting SR through tax incentives is a good tool for implementation of the community involvement programs especially on the issues of education.

Task force of government, NGOs, private sector and other experts prepare Action Program with diagnostic inputs or structuring of inter-ministerial commission to identify a role for a Ministry to promote CSR. UK model can be assessed and used as a benchmark.

#### **5. Industry Level Partnerships must be supported**

Turkish textile industry has chosen to use CSR as a competitive advantage against the threat of other emerging markets and engaged voluntarily in projects with European Civil Society Organisations such as Clean Clothes Campaign to improve the social standards in Turkey's textile industry. Such initiatives must be formed and sustained for other key sectors in Turkey such as banking, agriculture and manufacturing. International organizations must encourage to taking a lead in these programs. Business case evidence in industry level and arguments must be also outlined and communicated via media channels.

#### **6. Aim for Continuous Improvement of business performance via CSR**

Most companies in Turkey have an insufficient knowledge of the relationship between CSR and business performance. So, it is important to make companies recognize that adopting responsible business policies and practices are not only for good but also for profit.

1. Recognize where companies are at the moment and help them identify the steps they need to take to improve CSR and business performance – guide them, provide them with tools, provide the 'safe-haven' space where they can share their failures and doubts and help them build confidence,
2. Draft National CSR Monitoring tools,
3. Provide support to assurance as well as the awarding systems, by institutional frameworks.

## ANNEXES

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## Abbreviations

AIESEC	International Association for students of Economics and Commerce
AFD	French Development Agency
AKUT	Search and Rescue Association
AVE	Foreign Trade Association of the German Retail Trade
BDDK	Banking Regulation and Supervision Agency
CMB	Capital Markets Board of Turkey
CML	Capital Markets Law
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
CYDD	Association in Support of Contemporary Living
EFQM	European Foundation for Quality Management
EMAS	Eco-Management & Audit Scheme
EU	European Union
GAP RDA	South-Eastern Anatolian Project Regional Development Administration
GC	Global Compact
GDP	Gross Domestic Product
GNP	Gross National Product
GRI	Global Reporting Initiative
GTZ	German Agency for Technical Cooperation
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
ISE	Istanbul Stock Exchange
ITKIB	The General Secretariat of Istanbul Textile & Apparel Exporters
KalDer	Turkish Society for Quality
MDGs	Millennium Development Goals
MNCs	Multinational Companies
NGOs	Non-Governmental Organizations
OSGD	Private Sector Volunteers Foundation
ÖZ-İPLİK-İŞ	Union of Textile Thread, Knitwear and Garment Workers of Turkey
PETDER	Oil Industry Association
RoHS	The Restriction of Hazardous Substances Directive
SMEs	Small and Medium Sized Enterprises
TEDMER	Turkey's Ethical Values Centre
TEGV	Turkey Educational Volunteers Foundation
TEKSİF	Textile, Knitting and Clothing Industry Workers' Union of Turkey
TEMA Foundation	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats
TGNA	Turkish Grand National Assembly
TKYD	Corporate Governance Association of Turkey
TOBB	The Union of Chambers and Commodity Exchanges of Turkey
TOG	Community Volunteers Foundation
TÜSEV	Third Sector Foundation of Turkey
TÜSİAD	Turkish Industrialists and Businessmen's Association
TÜTSİS	Association of Turkish Garment Industries, Istanbul Textile Employers' Association
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WBCSD	World Business Council For Sustainable Development
WEEE	Waste Electrical and Electronic Equipment Directive

## Internet Links

<a href="http://www.maliye.gov.tr">www.maliye.gov.tr</a>	Ministry of Finance
<a href="http://www.sanayi.gov.tr">www.sanayi.gov.tr</a>	Ministry of Trade and Industry
<a href="http://www.cevreorman.gov.tr">www.cevreorman.gov.tr</a>	Ministry of Environment and Forestry
<a href="http://www.calisma.gov.tr">www.calisma.gov.tr</a>	Ministry of Labour and Social Security
<a href="http://www.dernekler.gov.tr">www.dernekler.gov.tr</a>	Department of Associations
<a href="http://www.spk.gov.tr">www.spk.gov.tr</a>	Capital Markets Board
<a href="http://www.imkb.gov.tr">www.imkb.gov.tr</a>	Istanbul Stock Exchange Market
<a href="http://www.undp.org.tr">www.undp.org.tr</a>	UNDP Turkey
<a href="http://www.tobb.org.tr">www.tobb.org.tr</a>	The Union of Chambers and Commodity Exchanges of Turkey
<a href="http://www.csrturkey.org">www.csrturkey.org</a>	CSR Association in Turkey
<a href="http://www.tbcsd.org">www.tbcsd.org</a>	Business Council for Sustainable Development
<a href="http://www.tkyd.org">www.tkyd.org</a>	Corporate Governance Association of Turkey
<a href="http://www.kalder.org">www.kalder.org</a>	Turkish Society for Quality
<a href="http://www.osgd.org">www.osgd.org</a>	Private Sector Volunteers Association
<a href="http://www.tusiad.org">www.tusiad.org</a>	Turkish Industrialists' and Businessmen's Association
<a href="http://www.tusev.org.tr">www.tusev.org.tr</a>	Third Sector Foundation of Turkey
<a href="http://www.tedmer.org.tr">www.tedmer.org.tr</a>	Turkey's Ethical Values Centre
<a href="http://www.cgft.sabanciuniv.edu">www.cgft.sabanciuniv.edu</a>	Corporate Governance Forum of Turkey
<a href="http://www.stk.bilgi.edu.tr">www.stk.bilgi.edu.tr</a>	NGO Training and Research Centre
<a href="http://www.kurumsalsosyal.com">www.kurumsalsosyal.com</a>	Web site that promotes collaboration between NGOs and Companies
<a href="http://www.rec.org.tr">www.rec.org.tr</a>	Regional Environment Center
<a href="http://www.stgm.org.tr">www.stgm.org.tr</a>	Civil Society Development Center

## CSR Events in Turkey from March 2006 to March 2007

Title	Main Speakers	Organizers & Sponsors
Global Warming Meeting – March 2007	Talya Enriquez, WWF Turkey Marketing Communication Responsible, Yeşim Beyla, TEMA Foundation Head of Public Relations and Fund Raising Yunus Arıkan, Rec Turkey Climate Change Programme Manager	Su İletişim
Panel “Mechanisms of Participatory Democracy: Civil Society Organizations and CSR” at 15th National Quality Conference November 2006	Mustafa V. Koç, Chairman of the Board of Koç Group Moderator: Pinar Ilgaz, Managing Partner, Arge Consultancy Özlem Aksoy, Communication & Public Relations, Siemens Çetin Yalçın, Sales and Marketing Manager of TNT Turkey Mahmut Isıkara, Sales Manager of SKF Turk Tayfun Bayazıt, Chairman of the Board, Private Sector Volunteers' Association Fatih Şener, Consultant of Chairman of the Board, International Transporters' Association of Turkey	Quality Association in Turkey

<p>Conference Good for Business &amp; Society November 2006</p>	<p>Rauf Ateş, Director of Capital Magazine of Turkey</p> <p>Prof. Dr. Ayşe Sosyal Rector of Boğaziçi University</p> <p>Cafer Bakırhan, Executive Board Member, Deniz Yatırım</p> <p>Erkan Durukan CEO of Fintur Holding</p> <p>Ishak Alaton, Chairman of Board of Alarko Holding</p>	<p>Embassy of Sweden, Sweden Trade Council and Capital Business Magazine</p>
<p>Conference International Sponsorship CSR in September 2006</p>	<p>Bülend Özaydinli - Koç Holding Ceo</p> <p>Agah Uğur, Borusan Grubu Ceo</p> <p>Tufan Darbaz Doğan Holding Ceo</p> <p>Türkan Saylan,</p> <p>Elif Ekemen, Procter &amp; Gamble External Relations Director</p> <p>Elçin Üner, Gfk Turkey General Manager</p>	<p>Arya Sponsorships and Communication</p>
<p>Symposium at Marketingist Marketing Fair and Conference: “Winning the Consumers Hearth: Corporate Social Responsibility” – October 2006</p>	<p>David Murphy, UN’s System’s College</p> <p>Ebru Şenel Erim, Unilever, Corporate Communications Director</p> <p>Ferda Hızır, Borusan, Corporate Communications Director,</p> <p>Citibank, Nevnihal Çiftçi, Corporate Communications Director</p> <p>Procter &amp; Gamble</p>	<p>Private Sector Volunteers Foundation, Marketingist Magazine and ZARAKOL Consultancy</p>
<p>Public Private Partnership Summit – June 2006</p>	<p>World Bank, Andrew Vorkink, Director of Turkey</p> <p>UNDP, Mr. Mahmood Ayub, Resident Representative</p> <p>Binali Yıldırım, Minister of Transportation</p> <p>Kemal Unakitan, Minister of Finance</p> <p>Klaus Leisinger</p>	<p>CSR Association in Turkey, World Bank, UNDP and UK Trade and Investment</p>
<p>Panel Corporate Governance and Sustainability – June 2006</p>	<p>Doğan Cansızlar President Of Capital Markets Board of Turkey</p> <p>Haluk Alacaklıoğlu, Founder of Corporate Governance Association in Turkey</p> <p>Selim Oktar, President Shift Communications and Relationship Management</p>	<p>Embassy of Sweden, Sweden Trade Council and Capital Business Magazine</p>

<p>Conference Accounting &amp; Finance and CSR</p>	<p>Prof. Dr. Sudi Apak, Trakya University, Turkey - Ethics in International Finance</p> <p>Prof. Dr. Mary Beth Armstrong, California Polytechnic State University, USA - Ethics education in accounting: A three-tiered approach</p> <p>Prof. Dr. David Crowther, London Metropolitan University, UK - Accounting and Social Responsibility: a cause for concern</p> <p>Dr. Bulent Senver, Founder Member of Ethical Values Center, Bilgi University, Turkey - Ethics in Financial Systems</p>	<p>Trakya University of Edirne</p>
<p>Panel Good Governance and Value Added Foreign Investment – April 2006</p>	<p>Ali Babacan, Turkish Minister of State and EU Chief Negotiator</p> <p>Aclan Acar, Member of the Board of Directors, Doğuş Holding</p> <p>Tayfun Bayazıt, CEO of Fortis Bank Turkey</p>	<p>Embassy of Sweden, Sweden Trade Council and Capital Business Magazine</p>
<p>Panel the Mobilization of Capital and Corporate Communication – March 2006</p>	<p>Doğan Cansızlar President Of Capital Markets Board of Turkey</p> <p>Haluk Alacaklıoğlu, Founder of Corporate Governance Association in Turkey</p> <p>Selim Oktar, President Shift Communications and Relationship Management</p> <p>Ilhami Koç, General Manager, İş Investment Securities</p>	<p>Embassy of Sweden, Sweden Trade Council and Capital Business Magazine</p>
<p>Congress Mobility And Sustainable Solutions – March 2006</p>	<p>Binali Yıldırım, Minister, Ministry Of Transport</p> <p>Osman Pepe, Minister, Ministry Of Environment And Forestry</p> <p>Odd Gulberg, Chief Operating Officer And Deputy President Wbcsd And President And Ceo Of Norsk Hydro Americas</p> <p>Yunus Arıkan, Climate Change Project Manager, Rec</p> <p>Arzu Berk Amirak, External Affairs Manager, Shell Turkey</p> <p>Elvan Oktar, Deputy General Manager, Gfk Turkey</p>	<p>Business Council For Sustainable Development Turkey</p>
<p>Social Standards in International Trade by Round Table on Social Standards Turkey under GTZ-Coordination in March 2006</p>	<p>Ministry of Labour and Social Security, General Director of Labour, Cengiz Delibaş</p> <p>Federal Ministry for Economic Cooperation and Development, Dep. General Director Dr Hans-Peter</p> <p>Schipulle</p> <p>ILO Ankara, Director Gülay Aslantepo</p> <p>Ministry of Labour and Social Security, Minister Murat Başesgioğlu</p> <p>European Economic and Social Committee, Giacomina Cassina</p> <p>Turkish Clothing Exporteurs Association, President Aynur Bektas</p>	<p>GTZ</p>

## Independent Research on CSR in Turkey

Capital Business Magazine announced the Leaders of Social Responsibility on April 2007. The research is conducted in partnership with GfK and reviewed companies expectations as well as the expectations of the society. The research indicated that Society expects that companies focus/support to education, followed by health, environment and act of violence in family. Education is also the first expectation of the corporate agenda followed by the issues of unemployment, ethical behaviour, social security and health. The successful companies in 2005 research are as follows in order of standing: Sabancı Holding, Koç Holding, Turkcell, Arçelik, Eczacıbaşı, Ülker, Sanko Holding, Vestel, Beko, Efes Pilsen, Doğan Holding, Merinos, Coca-Cola, Doğu Holding and Bosch. The successful companies in 2006, that are announced in April 2007, research are as follows in order of standing: Sabancı Holding, Koç Holding, Turkcell, Ülker, Doğan Holding, Eczacıbaşı Holding, Akbank, Arçelik, Zorlu Holding, Danone, Doğu Holding, Efes Pilsen, İş Bankası, Vestel, AVEA, Coca-Cola, Sanko Holding, Milliyet, Garanti Bankası, Anadolu Hayat Emeklilik

GfK – What do the companies say – September 2006 The research is based on sponsorships however according to the business communities' definition of sponsorship only 44% sees sponsorship as marketing tool where as 22% defines it as a social responsibility of companies and 34% defines as both marketing tool and social responsibility. Within all this group 89% of believes that social projects (projects on education, health, environment and archaeology) have the most positively responded.

Akademre “Sponsorships in Turkey 2006”. According to this research the society seeks sponsorships in the following areas education (70%), health (34%) and Culture&Arts (21%) and Environment (19%). Canadian GlobeScan has conducted an international research named CSR Monitor in which the Turkish leg has been conducted by Yöntem Research company. According to the research corporate citizenship is high where operational expectations are stated low, in countries like United Kingdom and France both corporate citizenship and operational expectations were high. Besides the research indicated that CSR as a component of corporate reputation have raised from 1999 to 2005.

## CSR Related Awards

There are many CSR related awards given by different national stakeholders such as PR companies, Media and the NGO community. On the other hand, it is hard to mention credibility as the criterias are not stated. Some of the awards given in this field are:

- CNBC-E a Turkish – American TV broadcaster has organized “The Best of Business Word Awards” and awarded Turkcell’s “Kardelen” project as the Social Responsibility Achievement Award.
- REC Turkey became the national secretariat of European Business Awards for Environment the program which is open for Turkish companies. The award in 2006 goes in different categories as follows: Process: Eczacıbaşı Özgün Chemistry, Product: Arçelik Refrigerator, Management: Ereğli Steel Factory
- Active ACADEMY 4<sup>th</sup> International Finance Summit at December 2006 hosted the Active ACADEMY Banking and Financing Awards that was first distributed in 2005. Active ACADEMY Corporate Social Responsibility in Banking Award has awarded the following projects Koç Holding “Vocational Education is a National Problem” project, Nokia “Dreamworks” “SME TV” by Turkish Economy Bank.
- Altın Pusula Public Relations Awards are organized by Turkish Public Relations Association in order to increase service quality of the sector and support occupational development, in more than one category. The categories in 2007 are Corporate Communication, Marketing Communications, Crisis Management, Activity Management and Corporate Social Responsibility which has 4 titles as follows: Environment, Education, Health, Culture & Arts. In 2006 the awarded companies are as follows: Oyak Cement Group with “Mathematics Contest in High Schools”, OPET with Green Roads and Hurriyet Newspaper “Stop Domestic Violence”.

Besides these national awards some Turkish companies are also been awarded by international bodies.

In 2001, Turkcell has been awarded the Institute of Public Relations' IPR Excellence Awards, one of the most prestigious awards in the public relations field, for its educational project named "Contemporary Girls of Contemporary Turkey."

In 2002, ARGE Consulting was selected as one of the top three companies with its commitment for corporate social responsibility by the GenerationEurope online community, which the ceremony has taken in European Parliament.

By teaching primary school students all over the country about the fundamentals of personal hygiene and toilet hygiene İpek Kağıt was one of ten companies selected for the World Business Award in 2006, organized jointly by the United Nations Development Program (UNDP), the International Chamber of Commerce (ICC) and The Prince of Wales International Business

Leaders Forum (IBLF). With this award, the Solo Primary School Personal Hygiene Education Project is recognized as being one of the ten showcase projects worldwide that have contributed the most towards achievement of the UN Millennium Development Goals.

EUROSOLAR, (non-profit European Association for Renewable Energies) organizes the awarding of the European Solar Prizes and the awarding of national Solar Prizes in several European countries including Turkey. Since 1994, European Solar Prizes have been awarded to municipalities, companies and individuals using Renewable Energies, and to organizations who rendered outstanding service to the utilization of Renewable Energy. Turkey has been awarded twice.

The first prize was in 2003 to Sarigerme Renewable Energy Group for creating a model for a civil society's involvement in Renewable Energies by attracting local municipalities to think about Renewable Energies in a local context by introducing the construction sector, builders and architects to the concepts of passive and active solar architecture planning.

Sunjut is a textile factory which is located in Istanbul-Turkey and mainly produces technical textiles since 1968. To strengthen their position in the domestic and international market, the management decided to produce some part of their electrical energy by wind. The wind turbine project at SUNJUT has been awarded by EUROSOLAR on the category of "Owner of installation using renewables" as being the first privately owned wind power installed for use in an industrial firm. The 1.2 MW wind power installed provides for most of the power requirements of the production plant. As this is the first wind farm built in a factory area Sunjut played a key role in solving also the manifold bureaucratic obstacles. For other companies that want to follow this path the realisation has now become less difficult.

## Interviewed Companies

- |                  |                    |                           |
|------------------|--------------------|---------------------------|
| 1. Shell         | 13. Fortis         | 25. MOPAŞ                 |
| 2. Philip Morris | 14. İpek Kağıt     | 26. CanimPa               |
| 3. Henkel        | 15. Sintel Metal   | 27. Superonline           |
| 4. HSBC          | 16. Tırsan         | 28. Etik Lojistik         |
| 5. Metro         | 17. Migros         | 29. Altınbilgi Yayınları  |
| 6. Microsoft     | 18. Sütaş          | 30. Kelebek Matbaası      |
| 7. GfK           | 19. Güneş Sigorta  | 31. Yeni İnci İçgiyim     |
| 8. Danone        | 20. Pınar          | 32. Novus                 |
| 9. Tefal         | 21. Aras Kargo     | 33. Kuteks Quatro Tekstil |
| 10. Total        | 22. Netron         | 34. Ayplast               |
| 11. Baxter       | 23. TSKB           | 35. Kutaş                 |
| 12. Intel        | 24. Lider Otomatik | 36. Doralp                |
|                  |                    | 37. Çiftçi Tekstil        |

## Interviewed Stakeholders

1. AKUT
2. TOG
3. TEGV
4. PETDER
5. ÖSGD
6. Ağrı Municipality
7. Çukurova University

## Authors

**Ceyhun Göcenöglu** met with Corporate Social Responsibility issues during his work with AIESEC, where he has been coordinating partnership projects with other NGOs and government agencies. After graduating from Birkbeck College University of London, with an MSc degree on Corporate Governance and Ethics, he became the founding general secretary of the CSR Association in Turkey and served till December 2006. He has been an advocator of CSR issues for the past five years, presenting papers and giving trainings on CSR issues. He is currently running his personal web blog to critique the business strategies and operations of Turkish companies from the perspective of corporate social responsibility issues reflected in the Turkish press.

**Işıl Onan** is a member of CSR Association of Turkey. She holds a Bachelor's degree in Economics from the Middle East Technical University, Ankara, Turkey and a Master of Science degree in Economic and Social Demography from the Hacettepe University Institute of Population Studies (HUIPS), Ankara, Turkey. Between 2000 and 2002, she served on the staff of HUIPS as a research assistant and participated nationwide demographic research projects. For the past five years, she has been working in NGOs environment and she is particularly involved in community-based education and health projects for women. Her main areas of interest are population, development and reproductive health.

