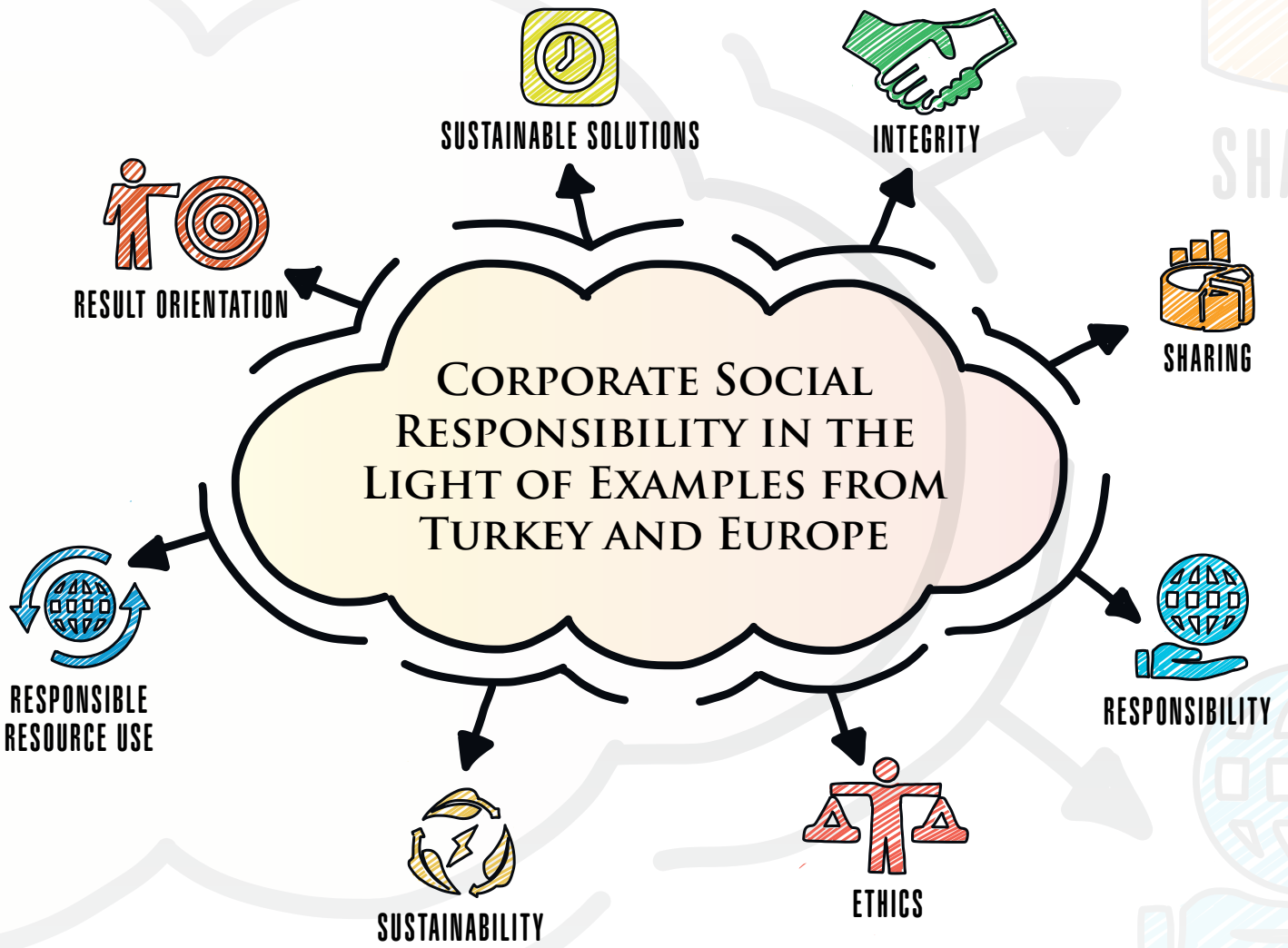




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## Corporate Social Responsibility for Small and Medium-Sized Enterprises Project







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## Foreword

The project “Corporate Social Responsibility for Small- and Medium-Sized Enterprises (SMEs)”, which is carried out by Turkish Enterprise and Business Confederation, Corporate Social Responsibility Association of Turkey (CSRA) and Corporate Social Responsibility Association of Netherlands (MVO Nederland), intends to learn production and implementation processes for corporate social responsibility policies of the European Union (EU) and EU member countries, especially the Netherlands, and to ensure the project partners exchange their experiences on mutual basis. The project is financed by Civil Society Dialog Program covered by the European Union - Instrument For Pre-Accession Assistance (IPA).

Besides, it aims to increase corporate capacities of the concerned non-governmental organizations in Turkey for the purpose of popularizing the concept of corporate social responsibility (CSR) among SMEs.

### Target Groups

- TURKONFED
- Corporate Social Responsibility Association of Turkey (CSR Turkey)
- MVO Nederland

This project intends to enhance the corporate social responsibility awareness especially at SMEs, and to reform the business models thereof accordingly. For these purposes, “Corporate Social Responsibility Summit” has been held in Istanbul, and corporate social responsibility workshops have been organized for SMEs in 7 different provinces in Turkey; namely Hatay, Trabzon, Malatya, Kütahya, Kocaeli, Denizli and Kayseri as part of the project activities.

Enabling the representatives of the public and private sectors as well as of the civil society share their opinions on corporate social responsibility in various panels and sessions for two days, CSR Summit has attracted a great number of persons. Experts on corporate social responsibility have convened with 20 SME executives in each of such 7 provinces and delivered practical trainings. More than 200 SMEs have been reached through the summit and workshops.

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# 1. Summary

The report covering a comparative analysis of CSR practices, carried out by SMEs in Europe and Turkey, aims to reveal the reasons of differences arising at targeted European level and national level, and to contribute to creation of an agenda for future.

Under the first section of the report, national deductions will be made on the relations of SMEs' participation in CSR and CSR activities with competitive power of companies basing on the secondary data from literature research and best practices which have been analyzed. The European report, which has been drawn up, will constitute a compilation of the national reports, supported by a supranational European perspective.

The report will provide a brief general overview on the concept of "Corporate Social Responsibility", and what is understood from the concept of CSR at European and national level. Furthermore, generally "potential target groups" and especially CSR and types thereof for SMEs, the most important public and semi-public actors on European (at national and regional level) CSR issues will be addressed. Main strategies/activities of the actors will be shared. Efforts will be made for explaining with which public institutions SMEs should be in contact for implementation of CSR activities.

Under another section, not only the scope of the related activities will be assessed but also the factors, affecting decision-making process of SMEs (favorably or unfavorably), and features of any necessary measures will be examined, and status of CSR practices across SMEs will be addressed. Any findings obtained will be combined with best practices, and will provide preliminary information for policy recommendations. Potential effects of CSR measures of SMEs on competitive power of companies and various target groups will be analyzed, and finally, any previous findings will be analyzed and recommendations for both companies and policy-makers will be provided.

## 2. Introduction

The concept of “CSR” arises as an umbrella term which does not have any particular definition and which evolves with national and international dynamics at regular intervals. The concept of CSR encompasses many important matters such as business ethics, accountability, transparency, human rights, occupational health and safety, environment, gender equality, anti-corruption, sustainable development, innovation, etc. It gained importance and popularity as the concept of sustainable development arose globally. Business world has comprehended that sustainable development is not the concern of only public sector and non-governmental organizations (NGOs), and that they should take an action to play an active role in sustainability of their resources and human development in addition to their financial sustainability.

In order for the institutions, especially private sector, to adapt CSR as their corporate culture, they should integrate social, environmental, ethical, human rights and consumer rights issues to their daily business activities and strategies, and they should achieve this in cooperation with the stakeholders. The underlying purpose thereof is creation of a common value for company owners/shareholders, key stakeholders and generally for the respective community, as well as pre-determination, minimization and prevention of any unfavorable effects which might arise from business activities of the institutions.

The definition of CSR is not clear in the business world. CSR practices, which are still comprehended as charity, can be realized as sponsorship projects and community development projects carried out with NGOs. Education constitutes the issue which is most focused by the companies and which is most demanded by the community in the field of community development. Health, environment, domestic violence and women rights come after education. Participation of stakeholders in CSR practices is limited to various partnerships and joint projects with NGOs. In general terms, companies approach moderately to relatively simpler social and environmental issues. Furthermore, some companies may consider CSR as a public relations and marketing tool, and they may invest in non-strategic CSR practices.

On the other hand; it is observed, in different business circles, that they maintain their own business operations, and that hard efforts are exerted in order to develop the community. Turkey’s engagement in increasing number of international treaties, campaigns and activities has been an important factor in enhancing the level of consciousness of the community in CSR and the related issues

It is seen that an extensive reform has been experiences on CSR in the recent 5 years. Higher number of countries, operating in Turkey, is engaged

in CSR, and needs for CSR for medium-/long- term success, and therefore, the field of CSR grows. Based on this need, the number of stakeholders, which are engaged in CSR, has risen in the recent years in Turkey. The number of CSR tools developed by NGOs and consulting companies, which provide service in this field, such as Sustainability Index introduced by Borsa Istanbul in 2014, is increasing day by day. Moreover; more sustainable, rational and extensive private sector, civil society and public cooperation have started to increase in the field of CSR, more participation is achieved in CSR practices, and innovative business models have been started to be developed.

As globalization increases gradually, CSR practices are attaining an indispensable position across companies as a result of changes occurring in both natural and technological field. As you can see below, important changes have occurred in the field of CSR in the recent two decades:

- CSR activities have more media coverage.
- Consumer organizations request more and more information on production/manufacturing conditions and ways leading to the market.
- Non-governmental organizations and unions draw near the companies which have requests and demands on their commitment to the society.
- Percentage of fulfillment of the requirements on CSR, as sought by the corporate companies, by the suppliers increases.
- Politicians have discovered the field of CSR as the field of policy making.
- CSR is also important for reputation of the company, and in finding the most competent employees for the company



### 3. Background and Objectives of the Research, Report Structure and Applied Methodology

The research focuses on qualitative and quantitative secondary data. Any data obtained are analyzed by the Project Experts in parallel with the initiatives taken in the field. The research covers two different levels.

The first level covers corporate social responsibility conditions prevailing in the country, and a desk-based research including CSR in small- and medium-sized enterprises.

In the second level, the concepts of CSR in Europe will be analyzed, and statutory procedures will be discussed and the situations faced by SMEs in different fields will be investigated.

The European report, which has been drawn up, will constitute a compilation of the national reports, supported by a partial supranational European perspective. The report will provide a brief general overview on the concept of “Corporate Social Responsibility” and the related issues at European level and on national basis. Efforts will be made for explaining with which public institutions SMEs should be in contact for implementation of CSR activities.

Potential effects of CSR measures of SMEs on competitive power of companies and various target groups will be analyzed, and finally, the findings will be analyzed and recommendations for both companies and policy-makers will be provided.

## 4. Definitions and Concepts of Corporate Social Responsibility

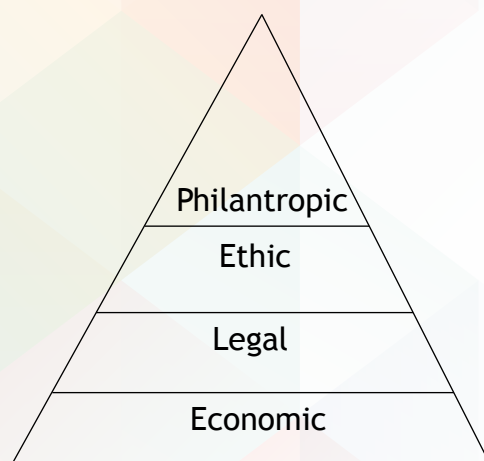
Despite the fact that the concept of social responsibility gained importance in 2000s around the world, especially in Europe and America, it still cannot acquire currency, as it should be, in our country.

CSR revealed itself in the policies implemented by large-scale enterprises in order to eliminate the problems emerging following the Great Depression in 1930s. Social responsibility was unable to go beyond being a definition used only by multidimensional and multinational companies for a long term. When the calendar hits 1950s, Bowen brought a different perspective and listed the benefits required to be provided to the society by the business world as follows:

- “High living standards,
- Wide-scale economic development and security,
- Order, justice, freedom,
- Finally, self-development of individuals”. (Bowen, 1953)

Before proceeding to the historical development of the concept of CSR, defined in various manners in the last 80 years, the current definitions are presented in Table 1. As defined by the European Commission, CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

Carroll's Pyramid of CSR



**Source:** (Carroll, 1979)

As seen in the Carroll's pyramid; the social responsibility awareness, which was adopted due to economic interests and statutory obligations in

1960s and 1970s, became a duty assumed by the enterprises towards the society. In 1980s, CSR was turned into a corporate business organization under which stakeholders were also involved in the process, for the enterprises. Following the changes in the economic and political structure of the world, the prominent themes which continued to grow and take center stage before 2000s include corporate social performance, corporate citizenship, stakeholder theory, business ethics, sustainability and corporate citizenship. (Sen, 2011)

A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” <b>(EUROPEAN COMMISSION , 2011 )</b>
The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. <b>(The World Business Council for Sustainable Development)</b>
It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society <b>(Bowen, 1953)</b>
A public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms. <b>(Frederick, 1960)</b>
The individual’s considering his (or her) acts in terms of a whole system. <b>(Friedman, 1962)</b>
The best way of understanding social responsibility is to consider it as being a good neighbor. <b>(Eilbert &amp; Parket, 1973)</b>
Achieving outcomes from organizational decisions concerning specific issues or problems, which by some normative standard have beneficial rather than adverse effects upon pertinent corporate stakeholders. <b>(Epstein, 1987)</b>

Enterprises may build up a reputation and stand out among their competitors through CSR practices arising due to economic conditions. In the second place, it can be said that CSR is achieved in private sector as a requirement stipulated by the statutory regulations established by the government. Contrary to these two levels; in the third level, CSR activities are carried out as a consequence of an ethical sense felt by any authorized person or institution towards society. At the top level involving all other factors also, CSR practices which arise as result of corporate policy of any enterprise or personal initiative of any executive are discussed.

## 5. Approach towards CSR, CSR - Conceptual Approach, Forms and Types of CSR Activities in Europe

More importance has been attached to corporate responsibility by the academicians and practitioners in the recent years. At the same time, CSR is an issue extending to various policy areas. While it mitigates the social and environmental effects of the business world in both European Union and the world concurrently, it also play a key role in achieving sustainable economic growth.

Various theories and methods are applies in order to define. CSR may be accepted as the synonym of sustainability which is defined as balancing social, economic and environmental demands. One of the most recent definitions of CSR defines CSR under the framework of stakeholder theory. CSR is based on adopting ethics and values as a company.

CSR is seen as an ‘all embracing’ idea to have an awareness of the impacts of the business world, and a positive impact on the stakeholders through the decision-making process. Key stakeholders are accepted as employees, customers and suppliers, shareholders, community and environment. (Vo, 2011)

### Turkey

CSR practices in Turkey date back to the Ottoman Empire. The concept of waqf (currently named as “foundation”) constituted the core corporate mechanism of public services such as education, health-care and social security in the Ottoman Empire. (Bikmen, 2003) While a competitive economic order was created following the liberalization developments experienced in Turkey’s economy as of 1980s, problems occurred at some points. Increasing competition and profitability concern are the main reasons explaining why social responsibility activities took a backseat.

The international agreements entered into by Turkey and enhanced cooperation made a great contribution in increasing the awareness level of the society on CSR. Favorable repercussions of the Habitat II conference, held in Istanbul, as well as the compulsory cooperation established by the civil society, private sector, public sector and other stakeholders upon the earthquake, which hit Izmit in 1999, brought both individual and corporate voluntary formations up to the speed.

Although there is not any direct statutory framework for development of CSR in Turkey, it has been supported by the regulations on foundations. For example; some economic privileges and tax exemptions have been provided in order to increase the number and effectiveness of such institutions under

the Law of Foundations which came into effect in 2008. Therefore, interest of the companies in charitable CSR through their foundations is not only associated with socio-economic gains. (Türker, 2015)

### **The Netherlands**

At the beginning of 2000s, just few Dutch companies was involved in CSR actively, like Gulpener, a brewery, and all kinds of small-sized enterprises engaged in organic food or fair trade clothing. The larger group consisting of mainstream companies didn't focus on CSR in general terms. Large companies mostly took preventive steps focused on mitigating risks. Code of ethics and initial sustainability reports have been drawn up in this period.

The Dutch government implemented the policies, which aim to encourage CSR among the Dutch companies as of the time when the SER report was issued, in various ways. The most important initiative was establishment of Corporate Social Responsibility Association of Netherlands (MVO Netherlands / CSR Netherlands). This information and network organization intended to help and encourage the companies to be engaged in CSR and take steps in CSR practices. Currently, there are more than 2.300 Dutch companies affiliated with Corporate Social Responsibility Association of Netherlands. This organization reaches larger masses thanks to media campaigns and online information services

On the other hand, the Government is the biggest purchaser in the Netherlands, and its purchasing volume is above 40 billion Euros. It constantly determines the requirements for the companies wishing to maintain their trade relations, and encourages development of CSR. Furthermore, major companies are encouraged to be transparent in their CSR policies by the government through the transparency criteria

The products, manufactured in a sustainable and responsible manner, increasingly become a mainstream phenomenon. Dairy and meat products with biological and ecological certificates gain more shelf area in supermarkets. The consumers, looking for green energy such as solar and wind power, are increasingly focused on renewable energy suppliers. When the calendar hits 2016, almost all of the Dutch companies carry out CSR practices more or less. But in many cases, it is still at an early stage.

### **Ireland**

Due to the financial and economic problems prevailing during 2007-2008 in Ireland, the activities of the institutions became a current issue on media. In parallel with the economic and social developments; alcohol, energy and tobacco industries were on the top three among the industries which are scrutinized when CSR literature of Ireland is examined. The first

reason of this is the potential effect of these industries on human health, the second reason is the revenue generating opportunity of taxing what are often referred to as ‘the old reliables’. (Burke, 2015)

In Ireland, CSR is seen as the domain of large organizations, mainly multinational corporations (MNCs). Definition of the difference between SME’s and large organizations is generally agreed to be based on number of Full Time Employees and, a SME is typically defined at a level of 250 employees. However there is still confusion over the subject of CSR in Ireland and while many organizations have taken to reporting their activities, some organizations are still unsure or unclear about why should they implement it and how they implement it. (Whooly, 2011)

Whilst historically there was little understanding or recognition within Government of the need or power of CSR Ireland has made good progress at government level to develop CSR. Ireland is at the top of the leader board within the European Union in relation to developing and promoting CSR. (Burke, 2015)

### France

Due to linguistic reasons, the concept of corporate social responsibility causes ambiguity; because, there is not a clear distinction between the concept of responsibility and liability in French. Another problem arising in use of the concept of CSR in France is that the social terms are different in French than English. A second problem with introducing the notion of CSR in France is that the French understanding of the term social is very different than in English.

Whereas in English the term social includes society, in France it is focused internally on labor related-issues, rather than on external stakeholders (Antal & Sobczak, 2007). In the early 1980s, the preferred term in France was corporate citizenship; however, here again the meaning was not exactly the same as in the United States. The strong role of the State, the mistrust toward private companies, and skepticism toward transparency put France in a different position than the other companies.

Although France seems to be late in taking actions in the field of CSR, it took strong steps to solve the CSR-related problems through important regulations enacted in the last 15 years. A person, who provides consulting services in the field of social responsibility in Paris, suggests that the reason of low-level participation of French citizens in CSR “can be high-level of confidence in the government and society, rather than lack of attention”. (Maon, 2015) Over-confidence in the government direct the expectations toward the government behaviors. In this case, the companies are not much voluntary in carrying out CSR activities.

As for the companies; they mostly prefer the concept of “explicit CSR” consisting of “values, norms and rules” that result in mandatory requirements. This concept addresses the proper obligation of corporate actors on social, political and economic interests. (Matten & Moon, 2005)

Two main features of the French experience in the field of CSR seem to be particularly interesting for actors in other countries. First, the French example highlights the role of the State in these fields; a second example for a learning opportunity based on the French experience is linked to the special focus on the internal dimension and on labor issues in the French CSR discourse and practices. (Antal & Sobczak, 2007)

### **Denmark**

Enterprises have fewer obligations in maintenance of social activities by themselves. This is ensured by means of a general model. The formation called as “triple negotiations” among the trade unions, employers’ organizations and the Ministry of Finance is of vital importance with respect to any change to arise in the practices at workforce market in Denmark. In this special context, the concept of CSR in Denmark should be well understood. (Nielsen & Frederiks, 2015)

The popularity of CSR has been ever increasing since 2005 in Denmark. The CSR action plan, drawn up by the Danish government for 2012, may serve as a good example. According to this document, The number of Danish companies that have adopted the “UN Global Compact” has increased steadily from 38 companies in 2008 to 200 today. (The Danish Government, 2012)

High-level of welfare and workforce market conditions as well as enactment of many regulations by the Danish Government on classic CSR issues including environmental issues mean that the Danish companies are engaged in CSR activities to a higher extent when compared with the companies in less developed countries. Even if we suppose that the main purpose of CSR cannot be minimized completely to such instrumental matters as profit maximization, branding, etc., CSR covers an ethical aspect (at the same time, at least).

### **Croatia**

Corporate Social Responsibility became part of the European policy in 1993 with the White Paper of the European Commission on Growth and Jobs. Due to the extremely difficult political and economic context in the 90’s, development of CSR in the business community in Croatia was practically non-existent. Nevertheless, we should mention the foundation of the Croatian Business Council for Sustainable Development (HR BCSD) which was founded in 1997, based on the Memorandum of Understanding

with World Business Council for Sustainable Development (WBCSD). (Croatian Employers Association, 2013)

With the beginning of the European integration process in 2001 with the signing of the Pre-accession Agreement, and becoming an EU candidate country in June 2004, the interest in EU practices rose and the promotion of the European political and market-economy model began. (Croatian Employers Association, 2013)

## Spain

Under the scope of many definitions, the term is defined as integration of social and environmental concerns by companies in their business operations and in their interaction with stakeholders on a voluntary basis". (Diaz & Ramos, 2015)

Social responsibility involves a set of values on which a cohesive society and the transition to a more sustainable economic system should be based. It can also help mitigate the effects of the economic crisis, such as job losses, and can promote effective equal treatment and equal opportunities, as well as social inclusion. (Spanish Ministry of Employment and Social Security, 2014)

Spain has a State Council for Corporate Social Responsibility (Consejo Estatal de Responsabilidad Social de las Empresas - CERSE), an advisory and consultative body attached to the Ministry with powers in the field of public policies for promoting social responsibility among Spanish companies. (Spanish Ministry of Employment and Social Security, 2014) This Council for Corporate Social Responsibility (CERSE) have been established to bring together representatives of various interest groups associated with corporate social responsibility, and to create a discussion forum.

CERSE has been established for the purpose of promote social responsibility among companies. The government recommends special measures attaching importance to singularities of SMEs. The CERSE is a joint inter-ministerial body comprising 4 groups that represent different interests:

- 14 members representing employers' organizations,
  - 14 members representing trade union organizations,
  - 14 members representing well-known representative organizations and institutions in the field of Corporate Social Responsibility,
  - 14 members representing the various Public Administrations.
- (Spanish Ministry of Employment and Social Security, 2014)



There are four main factors representing development of CSR in Spain since the late 1990s:

- Development of the concept of Responsible Social Investment;
- Internationalization of Spanish companies;
- Financial scandals;
- The need to learn more information about companies' activities. (Diaz & Ramos, 2015)

## Italy

Analyzes at various levels are seen in the field of corporate social responsibility in Italian literature.

- The first research level focuses on the level of information and CSR practices prevailing at Italian companies.
- A further level is related to small- and medium-sized enterprises (SMEs) constituting the principal component of social-economic framework of the country.
- The third level discusses the topic of accountability with respect to popular utilization of social, environmental and ethical reporting which has been enriched for the last few years, and has developed analyzes and reflections in a comparative international framework. (Baldo, 2015)

Activities in the country are connected to a network which is promoted by CSR Europe in across all EU member countries, and have two principal purposes:

- To observe all popular experiences and developments in Italy and foreign countries, and to provide a regular and updated vision of the most important CSR experiences of Italy at complex level and in terms of geographical and corporate aspect.
- To promote socially-focused entrepreneurship innovation.

When the CSR behavior map in Italy is analyzed (based on two criteria: density in undertaking of CSR activities, and qualitative aspects of corporate practices/behaviors), it is seen that there are five different types.

- “Binding companies” (%11) pay attention to expectations of both internal and external stakeholders, and consider CSR as the key element of their cultures and a way to increase their intangible capitals.
- “Companies with multiple certificates” (%10-11) exist with a CSR commitment represented by the procedures complying with management standards mainly.

- “Conscious enterprises” (%9), rarely (and limited to much fewer fields) interact with their stakeholders, and use of certificates is less effective in competent use of CSR practices and tools.
- “Inducible companies”, which represent most of Italian companies, (%54) are passive in CSR issues and tools, and they comprise of small and micro enterprises mainly.
- Lastly; “skeptical companies” (minority: 15%) are represented by micro and small enterprises which mostly consider stakeholders’ expectations at a low level. (Unioncamere, 2003)

### **Macedonia**

Any expectation is not defined on CSR behaviors of enterprises at national level. However; companies are well aware of the fact that they must observe the CSR principles and develop CSR approaches if they want to maintain and extend their access to foreign markets.

In addition to the Ministry of Economy and National Coordination Body; the business world and civil society have initiated a series of CSR promotional activities in the country in the recent period Launching its activities in 2004 in Macedonia. UN Global Compact organization has become the first platform constituting the basis for popularization of social responsibility in business world (Turkish Confederation of Employer Associations, 2013)

## 6. (Semi)Public Actors and Strategies on CSR in Europe

### 6.1. European Level

CSR grows at different rhythms. CSR varies from continent to continent, country from country, sector from sector and corporation from corporation. The Responsible Competitive Index (RCI) from the UK NGO Accountability and the Brazilian Business School, Fundação Dom Cabral, looks at how countries are performing in their efforts to promote responsible business practices and issues periodical indexes about such performances. The RCI's index for 2007 analyzed 108 countries (96% of global GDP). The analysis showed that more advanced economies do better in this area. The top 20 countries, by the ranking order of best performance, were the following: 1 Sweden, 2 Denmark, 3 Finland, 4 Iceland, 5 UK, 6 Norway, 7 New Zealand, 8 Ireland, 9 Australia, 10 Canada, 11 Germany, 12, Netherlands, 13 Switzerland, 14 Belgium, 15 Singapore, 16 Austria, 17 France, 18 USA, 19 Japan, and 20 Hong Kong, etc. (Miami-Florida European Union Center of Excellence, 2013)

There are EU programs, as financed by the European Union and member countries, which intend to support achievement of CSR objectives by SMEs. The additional support provided may include creating need-based funding or promotion and awareness. The other countries install stakeholder capacity and integrate CSR into their business strategies (Slovakia), and therefore supporting enhancement and implementation of CSR across SMEs. The projects include: research activities on examples of SMEs' practices (Poland, Germany); providing financing for projects and supporting SMEs in developing countries. In Germany, European Social Fund (ESF) is utilized to support promotion of CSR activities, and to enhance employees' competencies on CSR across SMEs.

The milestone of EU activation in the field of CSR is adoption, by EU in March 2010, of Lisbon strategy intending to turn EU to the most competitive and dynamic economy of the world until 2010. The purpose of this strategy was to create an economy with sustainable growth capacity with much more jobs and much more social cohesion.

The concept of CSR was on the agenda of the European Union (EU) for the first time in 2001. European Commission introduced CSR as a tool to support sustainable growth by means of Green Paper, and explicitly initiated a discussion on this issue. For the recent decade, a continuous discussion has been maintained on the concept at EU level, and enterprises has brought a voluntary and self-regulating approach. However; the countries such as Denmark and United Kingdom (England) took a step further, and imposes rigid legal measures in governance approaches on CSR.

The first tangible and official appearance of CSR on the agenda of the European Union is Green Paper issued by European Commission, as mentioned hereinabove. It was issued in July 2001 as a part of Lisbon Summit in order to explicitly initiate a discussion on the concept of CSR.

The publication “A Business Contribution to Sustainable Development”, issued in July 2002, has introduced a CSR strategy at European level in parallel with global development of CSR, in addition to Green Paper.

Following the declaration issued by the Commission in 2002; EU Multi-Stakeholder Forum on CSR has been held in order to enhance the understanding of CSR, as well as to strengthen the dialog among the business world, trade unions and enterprises, non-governmental organizations and other stakeholders. In line with this objective; four topics have been determined:

- Improving knowledge about CSR and facilitating the exchange of experience and good practice,
- Fostering CSR among SMEs,
- Diversity, convergence and transparency of CSR practices and tools
- Development aspects of CSR. (EU Multi-Stakeholder Forum on CSR, 2004)

European Commission issued a communication titled “Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility” in March 2006, and referred principally to the outcomes of Multi-Stakeholder CSR Forum initiated earlier.

Besides European Commission, European Parliament also brought the discussion on CSR to its agenda. Upon the resolution adopted in March 2007, AP issued a call for enhancing the legal accountability of companies on CSR. (European Parliament, 2007)

We should mention about another important initiative taken for CSR at European level which refers to launch of European Alliance for CSR in 2006 and issuance of the progress report in March 2008. In June 2011, European Parliament adopted a resolution addressing its own CSR strategy besides other issues. AP highlighted that global standards should be promoted in order to improve CSR movement across EU, and also that the companies actively engaging in the field of CSR should be certificated.

Another important turning point of CSR movement across EU is the communication titled “A Renewed EU Strategy 2011-14 for Corporate Social Responsibility” which was issued by the Commission in October 2011 as a follow-up initiative of the previous initiatives.

The Multi Stakeholder Forum on Corporate Social Responsibility (CSR) was held on February 3-4, 2015 in Brussels with more than 450 participants from various fields. Panel sessions were held on several subsectors of CSR, including:

- International Market Access
- Education and Human Capital
- SMEs
- International Development Cooperation
- Business and Human Rights
- Public Procurement
- Innovation, Competitiveness and Growth
- Human Rights and Access to Remedies
- Responsible Investment
- Responsible Supply Chains
- National and Regional Policies on CSR
- Financial Institutions (Executive Summary , 2015)

As you can see above, the concept of corporate social responsibility covers various subsectors. Furthermore, the initiative “Enterprise 2020” was initiated under the leadership of CSR Europe as the contribution of the private sector to EU 2020 strategy which was formed in line with European Union’s targets for 2020 following the Treaty of Lisbon. This initiative was realized in order to look into how the companies act towards global trends such as global management, climate change, resource shortage, population increase and fast development of technology by performing changes in especially their products and services as well as their organizations and people, and also what kind of measures they take against such trends.

Enterprise 2020 Manifest was released in Last Call to Europe 2020 Conference held at Milano Expo on June 19, 2015, and following three strategic priorities were set out under the Manifest;

1. Make employability and inclusion a priority across boards, management and value chains.
2. Stimulate companies to engage as committed partners with communities, cities and regions to develop and implement new sustainable production methods, consumption and livelihoods under the scope of environmental development.
3. Put transparency and respect for human rights at the heart of business conduct.

European Community enterprises are recommended to fully meet their social responsibility in order to have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders. (Miami-Florida European Union Center of Excellence, 2013)

Upon initiation of CSR by primarily major companies, it aims to introduce the concept of CSR to SMEs through some EU public policy initiative and practical approaches such as good practices, and to produce information on key challenges of CSR faced by SMEs for policymakers.

CSR Europe is the leading European enterprise network in the field of corporate social responsibility (CSR), and consists of more than 10.000 companies across Europe and 42 national corporate social responsibility organizations collaborating with more than 60 multi-national companies.

### **UN Global Compact**

UN Global Act was initiated in July 2000. UN Global Act is a voluntary learning and dialog platform for enterprises which are working in the fields of human rights, labor, environment and anti-corruption with strict commitment. Another benefit provided by the UN Global Act is improvement of relations between companies and the United Nations.

Having more than 5000 business participants as well as 2000 stakeholders from civil society, academic world, labor force and other industries, UN Global Act is currently one of the biggest corporate responsibility initiatives of the world.

All companies, trying to be a party to the United Nations, are encouraged to participate in UN Global Act, and to assist in realization of the more sustainable and encompassing global economy vision of the United Nations.

### **Education and CSR**

CSR in education means integration of CSR issues into the curriculum, education and learning processes systematically. Education initiated may be taken at different education levels:

- Primary education which refers to the official education between the initial five to seven years;
- Secondary education which covers both secondary school and high school;
- Higher education which refers to undergraduate and postgraduate education;
- Technical or vocational training making people ready for any profession including practical activities;
- Finally, the other trainings including vocational education and training for adults with a focus on life-long learning.

### Main Corporate Social Responsibility Initiatives Taken and Maintained by International Organizations, and Declarations Issued

Initiative	Date	Scope
Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy by ILO	Geneva, 1977; March 2000 revised	The principles under this international deed involve guiding recommendations to multinational enterprises, governments, labor institutions in such fields as employment, training, working and living conditions as well as labor relations.
Declaration on International Investments and Multinational Enterprises by OECD	Paris, June 2000	Under this international deed, the responsibilities of multinational enterprises towards the countries, in which they invest, and the society thereof.
United Nations, Global Compact	New York, July 2000	This deed covers the principles to ensure that the enterprises accept, support and implement a series of core values in human rights, working conditions, environment and fight against corruption in their impact areas.
United Nations Environment Programme (UNEP), Finance Initiative (UNEP Declaration on Environment and Sustainable Development in Financial Institutions)	Paris, 1992, May 1997 revised	This declaration was executed by the leading institutions in global financial services industry, and suggests responsibility and cooperation on protection of the environment.
European Union: Commission of the European Communities, "Green Paper" (Promoting a European framework for Corporate Social Responsibility"	July, 2001	Under the documents issued by the Commission of the European Communities, the importance of corporate social responsibility has been emphasized and it has been requested to support the initiatives to be maintained on voluntary basis across the enterprises

**Source: Corporate Social Responsibility Assessment Report in Turkey (TKSSD, 2008)**

A 2008 global survey conducted by the Academy of Business in Society, the European Foundation for Management Development and Nottingham University Business School identified both positive and negative trends in CSR in higher education. Overall there was evidence that CSR was aiming traction as a legitimate subject in management studies. (Miami-Florida European Union Center of Excellence, 2013)

Popularization of corporate social responsibility practices on global scale as well as initiatives taken by global organizations such as UN, ILO, OECD in the fields of sustainability and social responsibility become a driving force for enterprises.

In an era when any and all economic and climatic changes occurring in different geographies can influence people easily, the value of these initiatives is increasing day by day. The declarations and initiatives by the international organizations are provided under the table. The initiatives with various targets provide support to all sections when it comes to action.

### **Main Corporate Social Responsibility Initiatives Taken and Maintained by Non-governmental Organizations**

CERES Principles	USA, 1989	CERES principles cover the ethical principles for protection of environment and prevention of pollution.
Caux Principles	Minnesota, 1994	Caux principles are an overall corporate social responsibility initiative suggesting that all stakeholders contribute to social responsibility.
Global Sullivan Principles	USA, November-1999	Global Sullivan Principles cover the principles for protection and observance of human rights, prevention of child labor, ending discrimination and securing social justice.
Global Reporting Initiative (GRI)	Boston, 1997; 2002 revised	It refers to a reporting initiative enabling the enterprises declare that their working conditions as well as products and services conform to the economic, environmental and social standards.
SA8000	London, 1998 (2002 revised)	SA8000 refers to a corporate social responsibility initiative intending to supervise any matters on working life such as child labor, working hours, occupational health and safety.
AccountAbility1000	London, 1999 (2002 revised)	This standard was developed to measure and report the professional ethics across the enterprises.
World Economic Forum: Global Corporate Citizenship Declaration	Davos, 2001	This declaration requests the business world to respect for the international standards and values in such matters as environment, ethics, labor and human rights, and also to take initiatives on these matters.
FTSE4Good Index	London, 1995	It refers to a social responsibility investment index covering the matters such as performance of activities on sustainable environment, developing favorable relations with stakeholders, supporting universal human rights, etc. across the enterprises.

**Source: Corporate Social Responsibility Assessment Report in Turkey (TKSSD, 2008)**



## 6.2. National Level

### 6.2.1. Public

#### Turkey

The factors guiding the CSR activities are categorized differently by various stakeholder groups in Turkey. The potential CSR guiding factors in Turkey may be listed as follows:

- Corporate governance and financial institutions
- Multinational companies
- Legislative bodies - agreement recognized at governmental-international level
- Non-governmental organizations
- Media
- The document “Corporate Governance Principles”, issued by the Capital Markets Board, is the one and only document that can be considered as a legal document on CSR practices in Turkey.

The other laws that may be associated with CSR are listed below:

- Public Procurement Law numbered 4734,
- Environment Law numbered 2872,
- Trade Union Law numbered 2821,
- Law numbered 3628 on Financial Disclosure and Combating Bribery and Corruption,
- Banking Law numbered 5411,
- Renewable Energy Law numbered 5346,
- The law numbered 4077 on protection of consumers. (Odaman, 2004 )

The subject matter of corporate social responsibility involves various fields due to its nature. That is why CSR is represented by various ministries at ministerial level:

- Ministry of Food, Agriculture and Livestock - Environment,
- Ministry of Forestry and Water Affairs - Environment,

- Ministry of Science, Industry and Technology - Standards,
- Ministry of Labor and Social Security - Working Conditions,
- Capital Markets Board (CMB) is the agency granted with the authority to regulate and supervise the stock markets,
- Southeastern Anatolian Project (SAP) Regional Development Administration aims to ensure sustainable development in the Southeastern Anatolia region of Turkey.

## The Netherlands

The Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Ministry of Infrastructure and the Environment are engaged in the field of CSR actively in the Netherlands. There are also government-level agreements on sustainability.

The Ministry of Economic Affairs are responsible for coordinating the activities of various ministries in the field of CSR. It contributes to enhancement of knowledge and awareness on CSR by providing a yearly amount to Corporate Social Responsibility Association of Netherlands. The Ministry follows a policy in the field of sustainability energy by executing agreements with the related parties in such issues as enhancement of wind energy and open-sea wind farms as well as termination of coal plan.

The Ministry of Foreign Affairs focuses on International CSR: sustainability of international supply chains of the Dutch companies and promoting sustainable trade with foreign countries. The Ministry carries out a research two years ago with regards to risks available in foreign supply chains of various important industries of the Netherlands. Various activities are still maintained in various countries such as Albania, Peru, Indonesia, Bangladesh, Ethiopia and Surinam.

The Ministry of Infrastructure and the Environment focuses on CSR with respect to two issues: environment and climate change. These political regulations meet in circular economy: design of economic circles which are fully closed and therefore do not cause any further in-process loss.

## Ireland

Under the Action Plan for Jobs 2013; the Government undertook to issue the National Plan on CSR which highlights the role of institutions in supporting employment and local groups. This plan (the initial National Plan on CSR for Ireland) was approved on April 9, 2014.

Among the measures contained in the plan are:

- Establish a Stakeholder Forum on CSR to support the development of CSR in
- Ireland, in the first half of 2014,
- Establish a baseline of CSR activity in Ireland, through the National Standards
- Association of Ireland
- Work with stakeholders to raise awareness of CSR and support best practice
- CSR,
- Explore how IDA and Enterprise Ireland can promote CSR with their client
- organizations,
- Support programs to develop CSR in the SME sector. (Burke, 2015)

The plan also seeks to communicate a common understanding of CSR by outlining five Pillars on which CSR is to be based in Ireland. The Pillars are: Workplace, Environment, Marketplace, Community and the Public sector.

## France

According to Mangematin (2013); the three interrelated laws on CSR show that France have attached priority to CSR-related concerns gradually and officially in the recent 40 years.

The regulation enacted in 1977, the Law on Social Reporting, positioned France as the leader since companies were required to perform social reporting on annual basis. It was prescribed under the Law that any companies, employing more than 300

people, shall submit a report which must cover more than 130 indicators regarding employees and workplaces in order to ensure comparability.

With New Economic Regulations Law (2001) extending the scope of any regulations which do not include financial requirements, France intended to take lessons from any previous experiences, and to extend the needs. Under the scope of this law, the companies listed on the primary market of Euronext to report their social and environmental impacts on annual basis. Additionally, French Parliament put two socially responsible investment laws (SRI) into effect in 2001 in order to increase consumers' trust in SRI and to improve this investment. (Maon, 2015)

National Environmental Commitment Law (2010), which emerged in summer 2007 and was drawn up following a multi-stakeholder (including government, local administrations, trade unions, business world and voluntary industries) discussion held at the Forum "Grenelle de l'Environnement", was presented as a second national strategy by the French government for achieving sustainable development between 2010-2013.

The law has three principal purposes:

- To extend and detail any non-financial information provided under yearly reports,
- To extend imposition of requirements to non-public major companies,
- To reinforce reliability of CSR-related information by necessitating third-party verification of corporate reporting. (Maon, 2015)

French corporations are increasingly becoming active on CSR practices. Several case studies reveal that the overall picture in France is one of moderate development of CSR due to the existence of a system of state regulations and agreements governing labor relations. There is, however, evidence of important initiatives going beyond legal requirements in many areas.

The Law on Employment and Saving Plan of 19 February 2001 asks fund managers to take into account social, environmental and ethical considerations in the choice of investments. (Miami-Florida European Union Center of Excellence, 2013) The Law on New Economic Regulations of 15 May 2001 requires listed companies to introduce environmental and social information within their yearly reports to shareholders.

## **Denmark**

In the early 1990s and as of the mid 1990s, the field of CSR made a progress in Denmark. The focus was on inclusive regime and inclusive labor market. Competitive regime attached a higher degree of importance to the classic CSR issue and competitive advantage. Profit and competitive advantage took CSR as the basis of accountability regime. (Nielsen & Frederiks, 2015)

The Danish Government presented the initial official action plan on CSR in 2008. (Danish Government, 2008) The governmental action plan includes 30 concrete CSR-related initiatives on the following 4 main topics:

- Making business-oriented CSR popular,
- Promoting social responsibility of enterprises through governmental activities,
- Climate responsibility of corporate sector,
- Make Denmark competitive for responsible growth.

One of the concrete initiatives is the plan on the requirement of large-sized enterprises, which maintain its operations in Denmark, to make reporting on CSR. (Nielsen & Frederiks, 2015)

## **Croatia**

Researches indicate that the Croatian government does not take any special action for promoting CSR. There is not any additional standard sought from public companies other than Anti-Corruption Policy. The important activity, planned by the government, is preparation of a CSR Strategy, which will undertake the responsibility for CSR, by the Ministry of Economy.

However, measurement and evaluation of this strategy leave a question mark.

UNDP Croatia is the first initiative intending to popularize CSR, and has been realized under the cooperation of the Ministry of Economy, Labor and Entrepreneurship. Furthermore, the Ministry of Foreign Affairs of the Kingdom of Norway provides financial support. (Eterovic, et al., 2015)

## Spain

In Spain, the concept of CSR started to be popularized in political institutions much later than many Northern countries. Since 1999, various initiatives have been taken in Spain in order to promote CSR, and thereupon it has been concluded to issue various papers and laws such as White Book (2006), “Public Policies to promote and develop CSR in Spain” (2007), Equality Law (2007) and Sustainable Economy Act (2011). (Diaz & Ramos, 2015)

In 2002, seven Spanish organizations used the framework of the Global Reporting Initiative (GRI) for drawing up annual CSR reports. By 2012 this figure had risen to 180. It is also relevant that Spain is the country with the highest level of implementation of GRI guides. (Spanish Ministry of Employment and Social Security, 2014)

The first public initiative dates from 27 December 2002 when the Parliament agreed that a Technical Committee of Experts should be set up within the Ministry of Labor and Social Affairs to draw up a report on Corporate Social Responsibility

In 2005, a Forum of Experts on CSR14 was created to help draw up policies in this field. Two years later, the first meeting of the Panel for Social Dialogue was held. (Spanish Ministry of Employment and Social Security, 2014) The State Council for Corporate Social Responsibility (CERSE) was created by 2008.

Spanish companies consider corporate reputation, competitive advantage and industry trends to be the major driving

forces of CSR. Initiatives undertaken by the EU have influenced companies' decision to implement CSR. (Miami-Florida European Union Center of Excellence, 2013)

## Italy

The Ministry of Labor and Social Policies and the Ministry of the Economic Development play a central role in the development of CSR at national level. A National Action Plan 2012-2014 is implemented by the Ministry of Labor and Social Affairs and the Ministry of Economic Development and in collaboration with central, regional, local public administrations, businesses, trade unions and civil society organizations.

The Action Plan focuses on the following six objectives:

1. Increase the culture of responsibility among enterprises, citizens and local communities.
2. Support enterprises adopting CSR practices.
3. Contribute to the enhancement of market rewards for virtuous companies.
4. Promote initiatives of social enterprises, active citizenship and civil society organizations.
5. Encourage transparency and improve the completeness of the documents on CSR reporting provided by enterprises.
6. Promote CSR through internationally recognized instruments and international cooperation.” (Innovation Norway - Milan office, 2014)

The Commercial University Luigi Bocconi, CSR Manager Network, and the organization of the Chambers of Commerce (Unioncamere) have promoted the CSR and Social Innovation Fair to further sustain the development of CSR principles in Italy. Further support is provided by the Italian Chambers of Commerce, where a series of offices has been established to inform and promote corporate social responsibility (the so-called “Sportelli CSR”), as well as to develop awareness and best practices of CSR, provided at a national level by Unioncamere.

Also the Italian Centre for Social Responsibility (Fondazione I-CSR), founded in 2005 by the Italian Ministry of Labor and Social Policies and by Unioncamere, contributes to increase awareness of CSR within the business community by promoting researches and studies as well as innovative solutions for CSR.

#### International and national guidelines in Italy

- OECD Guidelines for Multinational Enterprises:
- Global Compact UN:
- United Nations Guiding Principles on Business & Human Rights - UNGPs
- Guidelines Global Reporting Initiative (GRI):
- Social Accountability 8000 (SA 8000):
- Platform of actions and indicators of “Corporate Social responsibility, Innovation and Competitiveness.

In Italy, there is not any law requiring implementation of CSR practices. The obligation on preparation of a social report by bank foundations, social cooperatives and social enterprises constitutes the only exception, and the concept of CSR is mentioned especially under the law on occupational safety. (Baldo, 2015)

Public policies, which have been implemented, indicate a strong regional unity. “Local public institutions are active promoters which are more active in these issues, and continue to provide main financial contributions.” (Lombardo, 2010) In fact, local and regional governments play the vital role in promoting CSR which uncovers important initiatives buried heavily in socio-economic local environment of SMEs in Italy. (Baldo, 2015)

The Italian approach towards CSR implies a highly innovative and nation-wide popular private and social intervention network. So indeed, in spite of the fact that voluntary activities carried out by companies, especially SMEs, have a strong relation with the local society, few of them are systematic. In other words, they are not structured with official strategic processes, and their visibility outside the companies is low.



## Sweden

The Scandinavian countries are ‘welfare states’ where the state intervenes in all aspects of life including issues of economy. The view that government must act as arbiter of business responsibilities to society is well expanded. (Miami-Florida European Union Center of Excellence, 2013)

The Nordic Council, integrated by Denmark, Finland, Iceland, Norway and Sweden, launched the “Nordic CSR Compass tool” in 2010. The informational instrument is intended to foster responsible supply chain management and also by giving SMEs guidance on creating codes of conduct.

Sweden has a long experience on the CSR movement. Since 1979, it has carried on a continuous dialogue with the social partners concerning CSR, and there are also three major corporate partnerships working towards CSR the Swedish International Development Cooperation Agency, the Swedish Business Development Agency and the Swedish Consumer Agency.

## Macedonia

The Ministry of Economy of the Republic of Macedonia acts as the coordinator of CSR promotional activities for and on behalf of governmental agencies. (Turkish Confederation of Employer Associations, 2013)

Governmental activities are rarely about taking legislative measures. For Example; Mutual Funds Law and the Law on Retirement Insurance Incorporated in Regulatory Capital are revised to incorporate any provision requiring retirement / mutual fund managers to disclose ethical, social and environmental issues to the public in their investment decisions. This report is of great importance for raising awareness on CSR in regulators, available under the National CSR Agenda of the Ministry of Economy annually, and agencies responsible for drawing foreign investment. Moreover, the Ministry of Economy and National CSR Coordination Body continue to organize award ceremony for the best social responsibility practices in Macedonia every year.

## 6.2.2. Labor Representatives

### Ireland

Trade unions such as Irish Congress of Trade (ICTU) and Services Industrial Professional and Technical Union (SIPTU) have an important power to popularize CSR across Ireland. Such kind of institutions play an active role in promoting CSR in their own organizations and ensuring that standards, set out under the codes of conducts, or standards, used by the institutions, are observed. (Burke, 2015)

### The Netherlands

In the Netherlands, there are several major organizations such as Christelijk Nationaal Vakverbond (National Federation of Christian Trade Unions in the Netherlands) & The Federatie Nederlandse Vakbeweging (Dutch Federation of Trade Unions). Trade unions are partially visible in the field of CSR since the Netherlands focuses primarily on negotiations in social and labor issues for and on behalf of employees. These issues are widely covered under the laws across the Netherlands; therefore, it would be irrational to cover these issues under the field of CRS.

VNO-NCW, the general employers' organization, deals with improving the interests of entrepreneurs in accordance with the governmental policy. In this capacity, it is involved in various CSR-related programs actively, as well. However, it has an active role especially in implementation of CSR practices in the members of industrial organizations, and providing assistance in drawing up of the above-mentioned industrial agreements. For example; several industrial enterprises engaging in bakery and candy industry as well as concrete industry, textile industry and lumber industry are highly active in the field of CSR in the Netherlands.

### Croatia

- UATUC (Union of Autonomous Trade Unions of Croatia);

- Consumer Protection Association, and a wide variety of environmental associations which mostly act on local basis and which are highly successful in enhancement of environmental protection.
- Union of Autonomous Trade Unions of Croatia - the organization which protects employees' fundamental rights in all commercial industries. (Eterovic, et al., 2015)

### 6.2.3. Special CSR Structures and Corporate Governance

#### Turkey

Besides governmental institutions and organizations, the organizations maintaining their operations to ensure development of CSR in civil society are also available. Non-governmental organizations are of great importance to ensure that CSR is introduced to SMEs and that cooperations are established on local basis, and also that they develop awareness in stakeholder management. In Turkey, there are just two associations, which focus their activities directly on CSR and sustainable development matters; namely “Corporate Social Responsibility Association of Turkey” and “Business World and Sustainable Development Association”. Some different associations carry out activities on CSR but address CSR as a sub-topic. A different option is offered by online platforms such as “Sustainable Living TV” providing an accessible and recognizable medium to make the efforts of NGOs, district governments, enterprises, educational institutions, governmental institutions and social initiatives visible on the same medium as the documentaries

Established in July 2002, Association of Private Sector Volunteers (ÖSGD) is another associations carrying out activities on CSR. It aims to strengthen the voluntariness culture by establishing a dynamic relation between the private sector and society. Third Sector Foundation of Turkey (TÜSEV) expresses its mission as strengthening the legal, financial and functional infrastructure of the third sector in Turkey, and carries out various projects and programs through the funds raised by local stakeholders and international organizations, as well as the financial support provided by donations in order to achieve this mission.

Turkish Quality Association (KALDER) aims to motivate public, private and non-governmental institutions and organizations, and to provide a medium enabling such institutions and organizations to attain the global advanced quality standards and to increase their competitive powers.

Business World and Sustainable Development Association (SKD) was established in 2004 in order to ensure that primary elements and principles of Sustainable Development are better understood, adopted and realized in Turkey, as well as to carry out activities for researches, publications, education/training, project and organizations to enhance information and awareness on Sustainable Development.

Leveraging on the power of collective power, Global Compact Turkey tries to make the concept of “responsible corporate citizenship and sustainable institutions” popular in order to help elimination of globalization challenges faced by institutions. Therefore, it aims to enable a sustainable and comprehensive economy on global basis by cooperating with private sector and other social stakeholder both across Turkey and at international level. In order to realize such target, Global Compact Turkey maintains its operations on five main areas:

1. Extending Local Network and Effectiveness Thereof.
2. Creating cooperations.
3. Enhancing Reporting Performance.
4. Production of Information.
5. Creating Promotional Mechanism.

### **The Netherlands**

Netherlands Enterprise Agency (RVO) is the designated point of connection between the government and private sector. It provided a high number of donation and incentive opportunities. In all these practices, prerequisites on CSR are imposed on any applicant companies. One of them is the requirement to fill in the CSR risk audit plan for certain products and countries with respect to most of the donations.

MVO Nederland is a network consisting of 2.300 companies engaged in the field of CSR. The purpose of MVO Nederland is to make the Dutch companies more sustainable by collaborating with company groups in some certain issues or industries. Furthermore, companies may send all their questions and requests on CSR to the agency thanks to extensive knowledge of the enterprises. The Dutch Sustainable Business Agency is a combination of the leading companies who have been already developed in the field of sustainability. The purpose of this organization is to carry out lobbying activities for sustainable governmental policies. The Sustainable Trade Initiative (IDH) was established by the Ministry of Foreign Affairs for the purpose of protecting international trade chains. This purpose is achieved by establishing coalitions with (major) companies, governments and NGOs. The Netherlands have a high number of NGOs which are engaged in CSR with a strong focus on enterprises. The leading NGOs in CSR are as follows:

- Nature and Environment Foundation with a focus on environmental companies,
- SOMO, an organization which inspects manufacturing chains of multinational Dutch companies and therefore condemns any abuse,
- Wakker Dier, which is a NGO which focuses its campaign on animal welfare, meets enterprises regularly.
- Greenpeace Amnesty International, which mostly deals with multinational Dutch companies, focuses its campaign on companies which violate the rights (chains).

## **Ireland**

UN Global Compact (UNGC) is the world's largest corporate citizenship and sustainability initiative with more than 10.000 participants including 7000 organization in 145 countries (United Nations, 2014). UN Global Compact with UN agencies and 15 organizations cooperating in the protection or promotion of human rights in Ireland have established their own standards. "Business in the Community Ireland" was established in 2000 as a national non-profit organization. BITCI has more than 60 members consisting mostly of local and multinational companies.

BITCI initiated Business Working Responsibly Mark based on International Organization for Standardization 26000 (ISO) in 2011. This mark intends to evaluate organizations in terms of their CSR strategies, and to help them achieve a satisfactory standard. The following organizations have been granted with this mark;

- ESB
- Microsoft Ireland
- CRH Ireland
- Intel Ireland
- Transdev Ireland
- EirGrid
- Accenture in Ireland
- Pfizer Healthcare Ireland
- Boots Retail Ireland
- Bord Ga'is Networks
- Deloitte Ireland (Burke, 2015)

## France

To enable stakeholders to compare the newly available information, a wide range of institutions in France have developed social and environmental indicators that aim to measure companies' performance beyond the financial bottom line. Two French employer's associations have also established their own list of indicators in the field of CSR. In 1996, the Centre des jeunes dirigeants de l'économie sociale (CJDES), an organization representing employers of the social economy sector, created the "bilan sociétal," which aims to measure a company's economic performance, and its social and environmental impact. (Antal & Sobczak, 2007)

Yet another change in the business-society nexus in France is the arrival of social rating agencies. The first social rating agency in France, ARESE, was created in 1997. It was essentially modeled after Anglo-Saxon organizations; however, in 2002 its founder decided to create a new agency, CORE RATINGS, according to similar principles, while ARESE was transformed into VIGEO.

(Bocquet & Mothe, 2011) He argues that large- and small-sized French companies provide opportunity to create value with strategic CSR management, and accordingly, to add more value increasingly. Such kind of considerations focus on how European Union directives or international standards and schemes such as Global Reporting Initiative or ISO 26000 directives as well as any government-led initiatives and outcomes thereof should be emphasized. (Maon, 2015)

## **Croatia**

The basic document of the sustainable development of Croatia is the Sustainable Development Strategy (SDS) of the Republic of Croatia which was accepted by the Croatian Parliament in February, 2009. (Croatian Employers Association, 2013) The Sustainable Production and Consumption Action Plan (SPC Action Plan) is being prepared for a period of five years and it serves to execute programs aimed at the execution of the strategic goals of the SDS of the Republic of Croatia. There are some attention-grabbing CSR initiatives in Croatia. Some of the outstanding initiatives by their scopes and impacts are as follows:

- 2003: UNDP Croatia & Corporate Social Responsibility Program,
- 2005: Croatian Chamber of Economy (HGK) having a series of codes of ethics and implementation reports for its members
- 2011: Index DOP-a (CSR Index) (Eterovic, et al., 2015)

## **Spain**

Global Compact was initiated in 2002 in Spain. Spanish Association of the United Nations Global Pact (Espacola del Pacto Mundial de Naciones Unidas-ASEPAM) was established on November 15, 2004. It serves as a key organization on CSR in Spain. (Diaz & Ramos, 2015) Spanish companies have been certificated by two principal ethical management standards, namely SGE 21 and SA8000. SGE 21 (Ethical and CSR Management System), which was developed by Foretice in 2008, is the first European

standard providing the requirements required to be observed by any organization in order to integrate social responsibility into its strategy and management. (Foretica, 2008) It provides the ability to audit the processes on voluntary basis, and to obtain the Ethical and CRS Management certificate.

SA8000 was developed by Social Accountability International in 1997. This standard refers to codes of conduct at international standards in order to improve global working conditions. (Diaz & Ramos, 2015)

#### Number of SMEs Executing UN Global Compact By Countries

Country	Number of Executing SMEs	Country	Number of Executing SMEs
Denmark	177	Sweden	100
France	579	Ireland	5
Croatia	13	Italy	82
The Netherlands	38	Poland	28
Spain	778	Turkey	71

Source: (<https://www.unglobalcompact.org>)



## 6.2.4. Educational Institutions

### Croatia

In Croatia, there were compulsory lessons on CSR at undergraduate and postgraduate level between 1991-2013 as of the time when CSR activities were initiated in Croatia (see [www.zsem.hr](http://www.zsem.hr), [www.vern.hr](http://www.vern.hr), [www.efzg.unizg.hr](http://www.efzg.unizg.hr)). (Eterovic, et al., 2015) Accordingly, students may not graduate from business schools and some economy faculties in Croatia without taking the lessons on CSR for almost 10 years. The Action Plan for Sustainable Development Education document in the introduction states that at the university level, sustainable development education is present mainly at postgraduate levels if they are multidisciplinary and interdisciplinary, only at a few universities. (Croatian Employers Association, 2013)

A gathered group of experts developed teaching which consisted of five thematic modules about CSR which included topics such as: CSR and business ethics, quality of working place, environmental protection, community development and non-financial reporting. Educational modules were primarily offered to management consultants, managers, but also to all interested practitioners from other sectors.

### Spain

The aim is to foster, from an early age, a personal commitment to the wellbeing of future generations, promoting acts that will lead to a more sustainable and cohesive model of society, protecting the Welfare State and offering training in the principles and values of social responsibility. (Spanish Ministry of Employment and Social Security, 2014)

## 7. Popularization of CSR Activities across SMEs in Europe

Raw materials used by enterprises, type and amount of energy consumed, output and ratio of outdoor-indoor areas are some of the criteria establishing the basis for SME definitions. As per the Regulation Nr. 2003/361/EC; the definition of SME, applicable as of January 1, 2005 in the European Union, involves headcount, annual turnover or balance sheet size and independent criteria;

**Definition of SME in EU**

Criteria	Micro-Sized SME	Small-Sized SME	Medium-Sized SME
Headcount	<10	<50	<250
Annual Net Sales Revenue	≤ 2 Million €	≤ 10 Million €	≤ 50 Million €
Annual Balance Sheet Total	≤ 2 Million €	≤ 5 Million €	≤ 43 Million €

**Source: European Commission (EU, 2016)**

Among the rapidly-changing and developing global economic dynamics, the position held by SMEs is of great importance. New policies are being sought in the European Union and all developed countries in order to increase global competitiveness of SMEs.

Having a more limited impact areas when compared with international and multidimensional large-scale enterprises, SMEs have a key role thanks to their percentages, close interaction with the society and the position they hold in supply chain. It is a great opportunity to create a win-win situation by utilizing this economic impact in socio-cultural field.

Social capital is also another valuable means/product for enterprises to achieve economic gains. Putnam and Bourdieu define social capital in different ways. For Putnam, social capital is “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit”. (Baron , et al., 2000) In addition to social capital, Bourdieu makes a distinction between cultural (intellectual) and economic capital. Bourdieu defines social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. (Bourdieu, 1986)

Like CSR, the concept of SME does not fall under a universally-recognized definition. Definition of SMEs vary depending on the context by

countries, industries, organizations, agencies and academic circles. Mostly, SMEs are defined quantitatively or specifically in a manner to involve companies which have 1 to 100 employees and in some specific cases, which have 250 employees maximum. When they are defined statistically, generally “small-sized enterprises” have a lower limit of 5-10 employees and an upper limit of 50-100 employees. “Medium-sized enterprises” have generally an upper limit of 100-250 employees. (Inyang, 2013)

Small- and medium-sized enterprises are defined in terms of such qualitative criteria such as control on a small-sized equity market, personal management by the owner or unavailability of an official bureaucratic structure. Therefore, SMEs are different from large-sized companies in the aspects such as management by the owner, independency, multi-tasks, firefighting, limited cash, personal relationships and unrecorded processes. The most of the academic research on management have concentrated on large companies, including that in the matters of Corporate Social Responsibility (CSR). The main focus of CSR in small and medium sized enterprises (SMEs) has a limited attention by researches and authors. (Mousiolisa, & Zaridisb, 2015)

In spite of the fact that SMEs hold more than half of the employment rates and therefore, has an important role in creating general economic value in developed and developing countries; CSR practices at SME level are not known satisfactorily. For example, it is easier to identify the stage of political CSR development that an MNC has reached by looking at its sustainability report, code of conduct, and other policy documents, or at its formal participation in multistakeholder initiatives. (Wickert, 2014) Two major types of SMEs seem to be more likely to adopt CSR: Ownership, the ones for increasing profit and profit margin, and the ones participating in their socio-economic contexts without the label of CSR. (Perrini, 2006)

1. The first approach, termed the “Nordic model” or “partnership model” is used in Denmark, Sweden and Norway. These countries are characterized by a far-reaching welfare approach.
2. The second model, called the “Business in the community” model, is used in the United Kingdom where there is a tendency to increase the involvement of companies playing a role in socio-economic development processes within an organized community.
3. The third model, termed “Sustainability and citizenship model,” considers companies as political players and citizens. Used in Germany and France, this approach requires that companies act in compliance with existing rules and maintain good relationships with their local communities and with the environment, in order to take an active part in social development.

4. Finally, in the fourth model, used in Spain and termed the “Agora` model”, CSR promotion is mainly carried out through spreading CSR values and principles in political debate (diffuse by political power representatives), involving as many social players as possible (multi-stakeholder approach, created in a response to the European Union-governmental action in promoting CSR). (Baldo, 2015)

### **The Netherlands**

All-around researches were conducted with a primary focus on the Dutch SMEs in the Netherlands in 2015. This research shows that CSR is widely known as a term across companies. 84% of the participants were familiar with the concept of CSR. However; the research indicates that such companies are not highly assertive when it comes to objectives they have in sustainability.

CSR and sustainable production are the ways enabling companies to achieve a long-time practical business method. Researches have revealed that most companies have already involved various CSR activities: 81% of the companies describe various initiatives, they have taken in sustainability, as active CSR activities. On the other hand; only 25% of Dutch companies have a CSR strategy, which means such activities are not always carried out with a long-term approach.

### **New Business Models**

Many companies try new business models in the Netherlands. Most of the models are based on new ways of cooperating with other companies by selling products in different ownership forms.

1. ‘WEconomy’: a bottom-up approach Most companies have been established on classic functional pyramid. However, there is a growing bottom-up approach other than the top-down approach where economy is organized and owners or shareholders of companies try to maximize their profits.
2. Leasing instead of buying Currently, increase in number of producers have caused shift from sales of products to leasing of products. In contrast, producers sell their own products in subsistence economy. Customers are responsible for use, maintenance and recycling of products.
3. Sharing economy In the Netherlands, there is an increasing tendency to sharing products, information and other assets not only by individuals but also companies. Social media and internet enable communication with a high number of people.

4. Circular economy Circular economy is an economic system focusing on maximization of recycling of products and raw materials, and thereby minimization of any value loss.

### **Ireland**

SMEs in Ireland make up over 99% of businesses in the economy and account for almost 70% of people employed. These figures show that SMEs are a vital part of communities nationally. CSR has been a part of corporate strategy in larger companies for some years. (Ireland Chambers, 2016). According to a survey carried out by the Irish Small and Medium Enterprises Association (ISME), 92 % of Irish SMEs give voluntary monetary contributions to charities (ISME, 2014). (Burke, 2015)

### **France**

More than half of French companies with at least 50 employees in 2012 claimed to be involved in CSR. 99 of the 100 largest French companies publicly detailed their CSR or sustainability-related activities in 2013. (Maon, 2015)

### **Croatia**

Besides historical influence several factors are important. They are the following: socio economic factors and specific market structures; the Roman Catholic Church; Unions; Media; Various associations; and especially civic societies.

In Croatia, The first specific factor is the transition from a socialist to a free-market economy. The second specific factor that must be correlated with the first one is the Homeland war (1991-1995) during which Croatia fought and won against the Yugoslav army and Serbian paramilitaries in Croatia. (Eterovic, et al., 2015)

### **Spain**

Small and medium sized enterprises (SMEs) are those with less than 250 workers and sales under 50 million euros. In 2013, 99.8 % of Spanish companies were SMEs and 95.7 % were micro SMEs (less than 10 workers). SMEs employ 63 % of the workforce.

Common sense dictates that doing the right thing with regards to customer satisfaction and employee motivation, showing concern for suppliers, and protecting the environment have a direct impact on the financial results of a company. (Diaz & Ramos, 2015) Although 43% of Spanish enterprises consider CSR to be valuable to their organizations, only 15.5% systematically implement social responsibility initiatives. (Foretica, 2011)

## 8. Decision-Making Process of SMEs on CSR

Corporate social responsibility can create real advantages for SMEs. CSR is an investment to prove efficient for business success not in a short-term but a long-term. Enterprises may take more advantage of this situation by integrating CSR in a more strategic and conscious way. CSR is about continuous improvement, and should be considered as a part of “modern business excellence model” for especially SMEs. In order for SMEs to participate in corporate social responsibility initiatives, there are many different strategies on the part of SMEs:

- Community participation or development
- Employee initiatives
- Consumerism
- Environmental actions
- Supply chain (Inyang, 2013)

Lepoutre and Heene (2006) define SMEs differently as “a responsible entrepreneur” with respect to small-sized enterprise’s responsibility;

- They act fairly and rightly towards their customers, business partners and competitors.
- They care for their employees’ and customers’ health, safety and general well-being.
- They motivate their workforce by offering training and development opportunities.
- They act as “good citizens” in local community.
- They have respect for natural resources and environment. (Heene & Lepoutre, 2006)

The following responsibilities need to be looked at when implanting CSR in any organization whether small or large. In summary, these are (Killian, 2012);

- economic responsibilities—safe trading, re-payment of debts,
- consideration for environment—pollution sensitivity, carbon reduction,
- welfare of local community,
- observance of staff, supplier, and human rights,
- good corporate governance—corruption prevention, on-time tax payments,
- health & safety, and quality management,
- good supply chain management and
- supporting worthy causes—supporting charities. (Burke, 2015)

When it came to reasons for implementing CSR activities the data in the survey conducted by TNS Gallup showed that as many as 69 % of the

enterprises cited ethical and moral reasons, whereas “only” 56 % referred to the expected positive impact on the enterprise’s financial result. According to the survey conducted by TNS Gallup; that moral obligation was the main driver for engaging in CSR might come as a surprise to some. However it is important to notice that Danish SMEs in this respect does not stand out when compared to European companies in general. (Nielsen & Frederiks, 2015)

76% of Spanish enterprises believe that CSR increase their proceeds by reducing costs and increasing revenues. (Foretica, 2011) Motivation and efficiency of human capital as well as efficiency in consumption of resources contribute to reduction of costs, and all these are main value sources of enterprises. Higher level of customer loyalty and likely access to niche markets have a favorable effect on income generation. Additionally, 57% of the companies, involved in the research, believe that CSR activities lead to reduction in financing costs thanks to a decrease in risk premiums and enhancement in access to capital. (Foretica, 2011)

## 9. Hindering and Supporting Factors for CSR Activities of SMEs in Europe

Small- and medium-sized enterprises are affected from environmental factors both favorably and unfavorably. The external pressures that compel SMEs to engage in CSR are:

- The supply chain pressure from large organizations helps the SMEs to adopt ethically responsible practices to sustain their business relationship with such big firms.
- Community pressure - the local media and non-governmental organizations and community-based organizations often bring pressure to SMEs to handle the issues of social performance.
- The need to obey laws and regulations and avoid sanction and negative publicity is another driver compelling SMEs to undertake CSR.
- The issue of customer loyalty is also important. The SMEs offer improved services and undertake responsible practices to maintain reputation and integrity to retain and attract customers on a continuous basis. (Inyang, 2013)

It is known very little about type of SME social responsibility strategies, the most valuable aspects thereof, and how they are considered by SME owners/managers. TO overcome this, a comprehensive national research project was carried out upon completion of a survey comprising of 2.000 SMEs as well as various case studies. Under the scope of the determination by Portuguese SMEs, there is not just “one” obstacle” for implementation of these practices. (Santos, 2011). Lack of public support 41% of SMEs) and ‘insufficient financial resources” (42%) are among the major obstacles. “Lack of time” (56%) and “lack of information” (54%) and “unavailability of a relation with company activities” (51%) have been indicated as “moderate” obstacles. This situation requires implementation of CSR practices. (Santos, 2011)

It is observed that costs of companies, which are active in the field of CSR, are at a lower level. There are many opportunities to achieve financial gains with sustainability activities especially in the fields of energy and environment. Effective operations, performed with fewer losses automatically lead to decrease in costs, and makes sustainability attractive for companies.

Actions, required to promote corporate social responsibility activities at SME level, can be divided into four series of strategic activities as follows:

- Enhancing knowledge and awareness, education,
- Monitoring and evaluating tools and support tools,
- Governmental acts and
- Inter-enterprise cooperation. (Santos, 2011)



The idea behind CSR serves for a good reason. However; since most of major organizations turn CSR activities into a large-scale public relations operations, motivations of organization are different. As the main purpose of enterprises is to make profit, it may be claimed that CSR does not goes beyond just a competitive strategy in some organizations. CSR practices, which promote open communication and transparency with stakeholders, may help the society to develop business confidence and increase social capital. (Boulouta & Pitelis, 2014) CSR activities have evolved from being regarded as a nuisance created by visionaries to being integrated into the corporate strategy of the majority of organizations. (Burke, 2015). It is indeed true that many of the voluntary activities carried out by companies, mostly SMEs, despite a strong relationship with the local community, are scarcely systematic; that is, they are not structured into formalized strategic processes, and they have low visibility outside the company. (Baldo, 2015)

### **France**

CSR in France features three paradoxical characteristics that constitute central challenges for the future development of CSR in the French business system;

- First, CSR-related behaviors in France, especially reporting practices, are stimulated and framed by policy documents and frameworks that are increasingly ambitious and comprehensive.
- Second, France's economic and business communities praise and boast about CSR but also appear to equate CSR with some kind of social and environmental benevolence.
- Third, civil society increasingly pushes business communities to engage with the CSR idea and expects companies to progress quickly on all fronts. (Maon, 2015)

### **Macedonia**

In the case of Macedonia, the challenges faced by enterprises in implementation of CSR practices are as follows;

- Non-compulsory regulations (35%),
- Lack of time and other resources to monitor CSR developments (31%)
- Determination of limited resources with strategical lackings, and of the direction of consideration points (29%). (Turkish Confederation of Employer Associations, 2013)

## Spain

In Spain, one of the primary problems currently faced when implementing CSR practices in SMEs is a lack of knowledge and training in these organizations. Another barrier to CSR implementation in SMEs is their skepticism towards it. (Diaz & Ramos, 2015) The effects of the severe economic crisis on unemployment, salary cuts, and a loss of trust in the private sector have affected the way CSR is considered and managed.

### 9.1. Features of SMEs' CSR Activities

Indeed, SMEs see engagement in CSR as an obligation towards the local community who trust them, and an opportunity to show how the organization shares the social values. (Burke, 2015)

The term social capital, broadly speaking, refers to social networks, the reciprocities that arise from them and the value of these in the business environment. (Sen, 2011). In 2005 TNS Gallup conducted an extensive survey regarding the CSR engagement of SMEs in Denmark. The survey came up with a number of interesting results. Among other, it showed that three quarters of Danish SMEs had implemented CSR activities. Workforce-related CSR activities, including securing a safe and healthy working environment, was the most widespread (54% claimed to have implemented CSR activities in this area). (Nielsen & Frederiks, 2015)

SMEs should focus on low cost initiatives, on integrating activities into existing practices and on fully engaging with relevant stakeholders. The following are some examples of the main ways companies can become more socially responsible and develop good relationships in the communities where they do business;

- Dedicating company owner, manager or employee time to social causes free of charge,
- Promoting economic regeneration and social integration,
- Recycle/Reduce Energy Consumption,
- Establish a Grant Programme aimed at local NGOs,
- Help Global Causes, through volunteering, partnering, donation of resources/expertise,
- Responsible Entrepreneurship/Supply Chain Management. (Ireland Chambers, 2016)

Two important characteristics of an SME are that a significant portion of the entrepreneur's private assets are invested in the company and that the economic existence of the entrepreneur is closely related to that of the company (Analoui and Karami, 2003). A substantial temporal commitment by the entrepreneur or entrepreneurial family is crucial to successful company development, which leads to strong emotional ties between the entrepreneur or entrepreneurial family and the company. (Mayr, 2015)

## 10. Effects of SMEs' CSR Activities

While it is impossible to define a specific factor which directly affects development of CSR practices in SME activities, the researches indicate existence of an explicit positive correlation. There is a positive and significant statistical relation between the ages of companies and engagement in external CSR activities. This means that CSR increases as the operating year of company increases. In this case, The end of fits five years defines a change period in relation to the possibility of SMEs to engage in CSR. (Observatory, European SMEs, 2004) (Santos, 2011)

The most explanatory factors to describe size of companies; much more involvement of large-sized companies in CSR initiatives, and much more awareness of them in advantages such initiatives provide for enterprises. Position of companies proves this fact, as well. Geographically, there is a sharp contrast in percentages of companies which engage in CSR between the northern and southern Europe, revealing that the highest percentages are achieved in northern countries. (Santos, 2011)

### Added value of CSR

- There are some opinions on how CSR is addressed as a modern approach in creating value.
- CSR and creation of value are not poles apart; but, there is not any expectation on how expectations and requests of different stakeholders can be integrated into corporate decisions. To clarify this, one must have predictions on economic outcomes or in line with value-based management, and also one must collect predictions on potential of CSR to create value.
- Visible CSR activities enhance reputation of enterprises, because, this is a highly important intangible asset in general educational institutions including ENTERPRISES.
- High level of reputation draws attention of not only potential students but also instructors/teachers and the other educational personnel having high-level of capacities.
- Furthermore, it provides a big advantage in management of stakeholders and competition.

In accordance with analyzes performed by Vitell and Ramos Hidalgo in Spain and USA; any organization, displaying strong ethical values, may benefit from employees who are more loyal to their organizations. (Vitell & Hidalgo, 2006) On the other hand; advanced CSR activities increase value of companies by reducing costs of equity. (Diaz & Ramos, 2015) Under the research carried out by Foretica; 45% of people claim that they have stopped procuring product or service from any export and distribution companies which they think do not have responsible and ethical practices in place, and this figure corresponds to about 37% in 2008. (Foretica, 2011)

## 11. Conclusion and Recommendations

Corporate social responsibility describes a concept involving various disciplines and ringing various components of our environment together at this present point. The soundest method is to become a part of a large-scale system and coexist with the society beyond just giving back what is taken from the society.

For the last three decades, the world has been changing its shell in economic terms besides great changes occurring in social and technological life. Despite the fact that the companies with a more extensive impact area on international basis have a voice, small- and medium-sized enterprises (SMEs) are attaining a much more powerful and effective position on gradual basis. In our country, SMEs hold up to 90% of the total employment rates.

The network of SMEs extending from the initial producer to the intercontinental enterprises in business life as well as the valuable position held by the same in the supply chain give them the role of being a responsible actor in CSR field, as well. SMEs, which can compete much more on global and local basis and have a reputation, will enable that the economy and socio-cultural development of the country will gain momentum thanks to the contribution of SMEs for the benefit of the society and the added value they will provide for their own enterprises through the CSR practices. It is well known that competent workforce and CSR practices are the features which increase competitive power of enterprises. More strategic positioning of CSR practices in the field of education by enterprises provide support to resolution of social and economic problems.

In light of all these developments, it is of first priority to enhance the awareness of entrepreneurs and enterprise owners in order to increase the CSR activities of SMEs and turn the social capital to economic contribution. However, inclusion of the public sector is of vital importance to extend these activities further and boost the potential benefits thereof. Indirect or direct supports provided by the government through changes in statutory regulations and different incentive policies are critical in concretization of ideas. Within this framework; we present four topics as our recommendation in order to ensure that all stakeholders adopt corporate social responsibility in a strong manner:

### Human Development

- Currently, movements of immigration are increasing due to various reasons. Our country is substantially affected from this change. Our private sector organizations must update their tools in line with new conditions as introduced by immigration, and develop more comprehensive mechanisms
- Regulations must be revised and working environments must be improved in order to determine the needs of enterprises in corporate

social responsibility and to integrate them into practices.

- Corporate social responsibility must include qualified education, gender equality, and involvement of the young population in processes.
- Mechanisms for describing, assessing and managing corruption and conflict of interest risks.

### **Habitable Cities and Environment**

- According to official data for 2017, 92.3% of the population reside in provinces and districts in Turkey. With increased internal and external immigration waves, provinces constitute the entire central living areas of people. Provinces which are able to provide basic health, education and infrastructure services, and which constitute living environments of humans will be preferred. Accordingly; private sector must develop its capabilities in this direction and generate new policies.
- In the light of treaty of Paris, policies to reduce carbon emission levels and enable recycling of wastes must be developed.
- Support mechanisms must be developed in order to provide assistance in procurement environmental management systems.
- Policies enabling disabled persons to be employed and to work must be developed and implemented.

### **Strong and Sustainable Economy**

- Companies must design more creative and innovative business processes and attach importance to any activities carried out in the field of STEM (Science-Technology-Engineering-Mathematics) in order to be competitive.
- Entrepreneurship culture must be developed, and supports provided to SMEs must be reinforced.
- Skill-based methods must be developed in structural reform processes in education industry in Turkey.
- Business world must act as the leader in this process with its dynamism and flexibility, and be a promoting force.

### **Popularization of Corporate Social Responsibility**

- Activities to raise awareness in the field of corporate social responsibility including campaigns and trainings must be organized for SMEs; importance must be attached to innovative CSR solutions in order to achieve economic and social development.
- Popularity of companies, which are important for reporting, must be increased, and reporting tools must be provided for this purpose.
- A new medium-term public policy document with a focus to promote corporate social responsibility for the purpose providing visibility to much more promotions, capacity development frameworks and best-practice companies.

- New organizations with different structures and sizes must be established at private sector level in the field of corporate social responsibility, and the existing ones must be supported.

### Improvements to be Performed by Public Bodies

- A strategy document may be drawn up in a manner to cover public and private sector as well as civil society in line with skill needs of the 21st century.
- Projects, to be conducted in the fields of social solidarity and donation under the cooperation of the Ministry of Family and Social Policies, may be encouraged.
- Special incentives and tax advantages may be granted for any projects to be carried out in the fields of culture and arts (including supports for theatre, cinema, etc.) by the Ministry of Finance and the Ministry of Culture and Tourism.
- AFAD (Prime Ministry Disaster And Emergency Management Presidency), Ministry of Environment and Urban Planning, KOSGEB (Small and Medium Industry Development Organization) may grant incentives and special loans for organizations which invest in the fields such as environment, disaster preparedness, occupational health and safety.
- Tax incentives and investments support may be granted through arrangements to be performed by Ministry of Energy and Natural Resources and Ministry of Environment and Urban Planning for organizations which will organize activities to raise awareness in energy efficiency and which will carry out environmentally friendly practices on energy efficiency.
- Special supports, incentives and tax advantage may be introduced for projects carried out by companies to provide contribution to cities, in cooperation with local administrations.
- “Audit on CSR practices” may be added to company audits carried out by Ministry of Labor and Social Security.
- STEM practices may be promoted, cooperations with vocation high schools may be increased and tax deductions may be applied to projects carried out in this field, under the coordination of Ministry of National Education and Ministry of Science, Industry and Technology.
- Social Responsibility Ambassador may be designated in order to monitor responsible manufacturing of especially export companies under the control of Ministry of Foreign Affairs in Turkey, like the case in Sweden.
- Tax advantages may be granted for social responsibility projects and companies, which provide contribution to the community, by Ministry of Finance.
- Social responsibility activities may be supported on local basis through various initiatives of Ministry of Development and Development Agencies such as awards, project support and cooperation.

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## 13. Appendix 1 - General Overview of Analyzed Case Studies

### Comparative European Report - Contacted Organizations in Europe

	Organization	Website	Concerned Person	Position	E-Mail	Country
1	The Shift	<a href="http://www.theshift.be">http://www.theshift.be</a>	Sabine Denis	Chief Executive	hi@theshift.be	Belgium
2	Croatian Business Council for Sustainable Development	<a href="http://www.hrpsor.hr/hrpsor/">http://www.hrpsor.hr/hrpsor/</a>	Mirjana Matesic	Executive	hrpsor@hrpsor.hr	Croatia
3	Green Network	<a href="http://www.greennetwork.dk">www.greennetwork.dk</a>	Kenneth Hald Jensen	CEO	kj@greennetwork.dk	Denmark
4	Réseau Alliances	<a href="http://www.reseau-alliances.org/">http://www.reseau-alliances.org/</a>	Vianney Sauvage	Managing Director	vsauvage@worldforum-lille.org	France
5	UPJ	<a href="http://www.upj.de/">http://www.upj.de/</a>	Peter Kromminga	Director	peter.kromminga@upj.de	Germany
6	econsense	<a href="http://www.econsense.de/">http://www.econsense.de/</a>	Dr. Karsten Schröder	Deputy Executive Director	info@econsense.de	Germany
7	Business in the Community Ireland	<a href="http://www.bitc.ie/">http://www.bitc.ie/</a>	Tina Roche	Chief Executive	info@bitc.ie	Ireland
8	Impronta Etica	<a href="http://www.improntaetica.org/en/">http://www.improntaetica.org/en/</a>	Miria Luisa Parmigian	Secretary General	info@improntaetica.org	Italy
9	Sodalitas	<a href="http://www.sodalitas.it/">http://www.sodalitas.it/</a>	Ruggero Bodo	School Counselor	csr@sodalitas.it	Italy
10	RBF Poland	<a href="http://www.responsiblebusiness.pl/">http://www.responsiblebusiness.pl/</a>	Mirella Panek-Owsianska	President	mirella@fob.org.pl	Poland
11	Club de Excelencia en Sostenibilidad	<a href="http://www.clubostenibilidad.org/">http://www.clubostenibilidad.org/</a>	Isabel Castillo	Project Officer	isabel.castillo@clubostenibilidad.org	Spain
12	Forética	<a href="http://www.foretica.org/">http://www.foretica.org/</a>	German Granda	Executive	foretica@foretica.es	Spain
13	CSR Sweden	<a href="http://www.csrsweden.se/">http://www.csrsweden.se/</a>	Marianne Bogle	Managing Director	info@csrsweden.se	Sweden
14	CSR Ukraine	<a href="http://csr-ukraine.org">http://csr-ukraine.org</a>	Maryna Saprykina	Executive Director for the CSR Centre	dk@csr-ukraine.org	Ukraine
15	CSR Europe	<a href="http://www.csreurope.org">www.csreurope.org</a>	Ivana Petrovska	Project/Account Manager	ip@csreurope.org	Belgium

### Questions Addressed to Stakeholders in Europe Under Good Examples Research

1. What is the name of your organization?
2. What are the main mission and visions of your organization?
3. Can you please explain development of CSR in your country?

4. Is there any law or regulation on CSR in place? Can you please provide some piece of information?
5. What is the level of CSR culture in your country? And what are strengths and weaknesses of your country in CSR?
6. How do you carry the interaction between CSR and companies?
7. How do you enable that SMEs become active in CSR? Can you please provide an explanation on the approach CSR towards SME?
8. What are the main industries engaging in CSR initiatives? And what kinds of initiatives are available?
9. Do you have any other organizations or companies in the field of CSR?
10. Can you please share the best CSR practices in your country?

### Contacted National SMEs Under Good Examples Research

Organization	Concerned Person	Position	E-Mail
ODE Yalıtım Sanayi ve Ticaret A.Ş.	Erkut Özduman	Regional Team Leader, Çukurova	e.ozduman@ode.com.tr
DOKAY Filo Kiralama A.Ş.	Dilek Özgün	Assistant to the Chairman of the Board of Directors	dilekozgun@dokay.com.tr
İNELSAN İnşaat A.Ş.	Önder Çiftçi	Executive	inelsan.ins@gmail.com
AVES	Pınar Hanım	Corporate Communication Executive	p.demir@avesas.com.tr
Gelecek Otomotiv	Hekim Tolog	Chairman of the Board of Directors	hekim.tolog@gelecekotomotiv.com.tr
Sun Tekstil Sanayi ve Ticaret A.Ş.	Deniz Köksal	Corporate Communication Executive	deniz.koksals@suntekstil.com.tr
Ceynak Lojistik	Cengiz Han	Corporate Communication Executive	cengiz.han@ceynak.com.tr
Süper Tekstil A.Ş.	Mehmet Yasubuğa	Chairman of the Board of Directors	myasubuga@supertekstil.com
Şentaş Tarım Ürünleri	Emel Doğan	(Assistant to the) Chairman of the Board of Directors	temel@sentas.com.tr
Çevreci Eczacılar Kooperatifi	Şule İlkurşunlu	President	sule.ilkkursunlu@cekoop.org.tr
Çevreci Eczacılar Kooperatifi	Seval Ünlüerler	Secretary	seval.unluerler@cekoop.org.tr
Friterm A.Ş.	Çağla Yıldız	Assistant to Training Coordinator	caglayildiz@friterm.com
Koppert	Melis Özmen	(Assistant to the) CEO of Koppert Türkiye	info@koppert.com.tr
Halkalı Kağıt Karton San. Ve Tic. A.Ş.	Zafer Yıldız	Production Manager	insankaynaklari@halkalikagit.com.tr
Yeşim Tekstil	Seda Tezcan	Corporate Communication Executive	seda.tezcan@yesim.com

Doğan Organik Ürünler	Pınar Sun	Assistant to the Head of Corporate Communication Department	pinars@doganholding.com.tr
Ece Banyo Gereçleri Sanayi ve Ticaret A.Ş.	Çoşkun Yanardağ	Marketing and Corporate Communication Executive	ece@ece.com.tr
PharmaVision San. Ve Tic. A.Ş.	Fahrettin Kazak	Human Resources Manager	fahrettin.kazak@pharmavision.com.tr
Ortadoğu Enerji	Ülkü Tarakçı	Corporate Communication Executive	ulku.tarakci@ortadogugrup.com.tr
TEVA	Hasan Şahin	Regional Director	hasan.sahin@teva.com.tr
Bursagaz	Tuğçe Balarısı Yonga	Manager of Business Perfection Department	tugce.balarisi@bursagaz.com
Vector Bilgi Teknolojileri A.Ş.	Caner Umutlu	Corporate Communication and Marketing Manager	caner.umutlu@vector-tr.com
Hilti İnşaat Malzemeleri Tic. A.Ş.	Selin Onat	Brand and Communication Executive	selin.onat@hilti.com
ABBVİE	Ece Şişmanoğlu	Public Relations and Communication Specialist	ece.sismanoglu@abbvie.com

### Questions Addressed to National SMEs Under Good Examples Research

1. What is the name of your institution?
2. What does corporate social responsibility (CSR) mean to your company?
3. Which one/ones do you think is/are CSR?
  - Donation and Support
  - Helping needy people
  - Supporting employees
  - Satisfaction of the needs of stakeholders in the society
  - Performance of ethical business practices just beyond profits • Supporting social welfare programs
  - Preventing ecocide
4. Does your institution have a CSR policy or a CSR project? How much is your budget you have allocated for CSR, if any?
5. What do you think is the best approach to encourage CSR activities in small- and medium-sized enterprises (SME)? Voluntariness or obligation?
6. What can be the motivations of SMEs engaging in CSR activities? What are your main purposes while carrying out CSR activities?
7. How do the interactions of employees with CSR affect the below-given situations?
  - Business standards and working conditions (salary, working hours and benefits)
  - Working environment (occupational safety, health conditions, green areas)
  - Unofficial wrks (Donations to local communities, sports clubs and welfare centers)

8. Does the importance of corporate social responsibility increase and CSR become a part of your business strategy?
9. Which stakeholders affect SMEs' participation in CSR to what extent?
10. How can SMEs engage in CSR activities to develop an appropriate social responsibility strategy when the resources (money, employees, time and knowledge)? How can they turn these challenges to opportunities?
11. What are the positive and negative factors contributing to development of CSR in SMEs?
12. How can SMEs make out compatibility of CSR with their own initiatives?

### **Good Examples**

#### **Bursagaz Bursa Şehiriçi Doğalgaz Dağıtım Ticaret Taahhüt A.S**

Bursagaz Bursa Şehiriçi Doğalgaz Dağıtım Ticaret Taahhüt A.Ş., one of the companies we have interviewed with, states that they engage in CSR practices on the basis of “Popularizing Sense of Corporate Social Responsibility”. They have adopted continuous corporate policies independent of CSR projects. The focal point that the company bears in mind while carrying out such kind of activities is the sense of “creating social benefits in provision of any service having the nature of public property”. Bursagaz Bursa Şehiriçi Doğalgaz Dağıtım Ticaret Taahhüt A.Ş. conducts 80% and the remaining 20% of the CSR activities within and outside the working hours, respectively. Whether the employees, participating in CSR activities not covered under their job descriptions, get an additional premium, or not are determined based on the performance of the projects. Besides the enterprises, participation of any and all institutions with which cooperation has been established in the projects and activities increase the social benefit to arise therefrom. Bursagaz carries out its own activities in cooperation with their stakeholders under two categories;

1. The primary shareholders with direct impact on CSR projects,
2. The secondary shareholders providing their information and observations on CSR projects.

#### **Koppert Biyolojik Mücadele ve Polinasyon Sis. San. Tic. Ltd. Şti**

Providing services in environment, nature and human health, Koppert Turkey carries out activities in many fields such as producer health, public health, food safety, hormone-free plant production, etc. for producers, public institutions and consumers. Maintaining its CSR practices to ensure that the needs of the stakeholders are met and the aim of preventing ecocide is achieved, KOPPERT was awarded in TİSK (Turkish Confederation of Employer Associations) 2015 CSR Awards with its project titled “Popularization of

Natural Methods in Agriculture at Consumers and Producers”. Underlying the importance of stakeholder in order to achieve its missions, the enterprise is in cooperation with the below-given stakeholders;

1. Ministry of Food, Agriculture and Livestock
2. Provincial and District Departments of Agriculture
3. Universities
4. Associations and Chambers
5. Principal Office of Koppert
6. Supermarkets and Markets

### **Yeşim Textile**

Established on the basis of the theme “People First”, the priority of Yeşim Textile is to perform ethical and environment-friendly production in line with its targets and missions. As part of the social responsibility projects realized by the company, the priority is attached to its own employees, again. Apart from these, Yeşim Textile engages in social responsibility activities in three categories, namely; sports, environment and education.

Women and Children Club of Yeşim Textile and Uludağ Soroptimist Club realized a project titled “World of Butterfly” in 2013 with the aim of increasing the awareness of women of Yeşim in education, health and personal development. Under the project initiated under the motto “When women change, the society will change”, initiatives to enhance the awareness of women were taken through the activities organized under three main categories of “Women and Health”, “Women and Law”, “Women and Family/Personal Development”. Upon launch of the second phase in 2015, while the trainings and consultancies for women of Yeşim were maintained, a 6-month certification program titled “I walk through the future together with my child” was conducted for the mother from Turkish Education Volunteers Foundation (TEGV) on the other hand.

Yeşim Textile believes that an approach involving both voluntariness and obligation should be adopted in social responsibility. According to the company, the most influential stakeholder in participation of SMEs in CSR is the customers. In the event that the customers stipulate this criterion for cooperating, all SMEs will have to reorganize themselves in this respect. The employees should determine the fields, they would like to engage in, before developing CSR projects in order to create a harmony between CSR practices and the employees. It is highly important for the companies to monitor the process by performing pre-project and post-project measurements.

### **Total Produce BV**

Total Produce BV carries out a pilot scheme on cultivation of melons in Honduras. A method has been developed in order to fertilize lands with



waste materials of melons. Thanks to this method, both lands become more fertile and waste materials of melons are valued. A health land keeps much more amount of water and have many more natural minerals, which eliminated the need for any chemical substances. In another project, carried out with supports from Soil&More, liquid fertilizer is produced from fruit wastes and leaves. Thus, productivity of soil is increased by feeding microorganisms, living in soil, with this liquid fertilizer. It is aimed to carry out this project on a land of 3000 hectares in the near future.

### **Maasdijk**

Maasdijk, the importer of more than three hundred types of vegetables and fruits, describes four basic elements of CSR as follows:

- Fair trade
- Supporting local communities
- Reducing environmental impact
- Good working conditions

Cooperating with an auditing company for a few years, the company follows up compliance with CSR requirements by monitoring enterprises available in its supply chain, and encourages them to develop on annual basis. Nature's pride, with its Partner DOT Fruits, develops projects to satisfy the basic health needs of employees in Dominican Republic. Budget of the project is generated by obtaining EUR 0.01 from each mango sold. Moreover, the organization establishes nurseries and delivers environmental trainings to primary school students in Peru.

### **Nature and More**

As part of its practices, Nature and More adds the photograph of producer and a code number on its fruits. Thanks to this code, consumers are able to view both the cultivation environment of products and score of the respective producer. Scoring is performed by analyzing various factors such as soil, energy, weather, animals, plants and water. This enterprise collects 1 Cent from each kg of products, which have been sold, in a money box, and provides support to social projects to be carried out by producers.

### **slow motion movement**

Bags, stuffed toys and clothes produced by any persons, who are far away from the workforce market, are sold at various markets. All products are made from textile wastes. The company delivers theoretical and practical trainings to its employees throughout their works. These initiatives help any persons, who have not received training satisfactorily, or who are not equipped with satisfactory competencies, to find a job. Moreover, experiences they gain become useful when they look for a job.

## 14. Appendix 2- Research Team

### Hüseyin Yılmaz

Hüseyin Yılmaz serves as the General Director of Corporate Social Responsibility Association of Turkey. He has worked as the Project Assistant at the project titled “Building Broken Bridges Discovering Social Cleavages in Turkey” organized by the German Marshall Fund. He has been assigned as the Coordinator at “Responsible Neighborhoods Project” carried out with the support of the Department of Associations of the TR Ministry of Interior. He serves as the Expert being in charge of drawing up of the reports in “CSR and SME Project” developed as part of the European Union Civil Society Dialog. Maintaining his postgraduate study at the Department of International Relations of Istanbul Bilgi University, Mr. Yılmaz has delivered courses at Education Volunteers Foundation of Turkey on voluntary basis. He is interested in European Union, Civil Society, Digital Media, Public Diplomacy, Civil Engagement and Immigration.





RESULT ORIENTATION



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