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THE HUMAN RESOURCE MANAGEMENT DIMENSIONS OF CORPORATE SOCIAL RESPONSIBILITY IN TURKEY: A SURVEY[1]

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ABSTRACT

Corporate social responsibility (CSR) means a commitment by a company to manage its roles in a society in a responsible and sustainable manner. Especially since the 1980's, CSR has become an increasingly important part of the business environment. Today there is a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but instead through market-oriented yet responsible behavior. *The aim of this study is to present the main findings from a recent survey of Turkey's top companies on the human resource management dimensions of their corporate social responsibility.*

Keywords: *Corporate social responsibility, human resource management, HRM functions, HRM practices.*

1. INTRODUCTION

According to Milton Friedman, a business has no social responsibilities other than to maximize its profits. However, today there is a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but instead through market-oriented yet responsible behavior. This responsible behavior of corporations can be called corporate social responsibility (CSR)" (EIC, 2005).

There are different approaches in explaining CSR. One of them is the classical theory stressing that the primary goal of company is to secure its shareholders' financial goals and to respond to their wishes relative to the corporation. Secondly, the social demandingness theory of CSR means to promote and protect the general public's interests. On the other hand, the social activist theory holds that there exits a universal standard for determining responsible corporate conduct that is independent from the stockholders' interests (Brummer, 1991).

Finally, the stakeholder theory on CSR, influenced by the view that companies are also corporate citizens, seeks to balance among the competing demands of stakeholders that support a company (Zappala and Cronin, 2002). From the stakeholder perspective, corporate social responsibility means a commitment by a company to manage its roles in a society as producer, employer, marketer, customer and citizen in a responsible and sustainable manner.

Especially since the 1980's, CSR has become an important business issue. Today, it has not only an impact on the local and national levels, but also on the global scale. It is getting more crucial for the global companies to support the social programs. They especially realize several social projects that the national governments can't give enough money. For example, a report by a charity, the Christian Aid cites Shell, British American Tobacco (BAT) and Coca-Cola as paying lip service to CSR (Kramar, 2004). In addition, the annual reports of almost every major company nowadays dwell on social goals advanced and social projects undertaken. A survey among the 250 global companies by KPGM in 2005 reports that 52 percent of them issue separate CR reports (KPGM, 2005).

The purpose of this study is to present the main findings from a survey of the top 50 Turkish companies on the extent to which they evaluate the HRM dimensions of their CSR policies and practices. The paper analyzes five HRM dimensions of CSR: To what extent do the companies see the role of HRM in their CSR policies and practices? How do the companies communicate their CSR policies to their stakeholders? To what extent do the companies view the influence of CSR policies and practices on the

[1] This study was supported by The Istanbul University Research Fund. The project number is UDP-640/28072005.

HRM functions? To what extent do the companies consider the HRM practices from their CSR perspective? What kind of incentives do the companies offer to employees to get involved in CSR activities?

The stakeholder theory is an important and commonly used framework within corporate social responsibility. Therefore, the study relies on the stakeholder view as a basic approach in analyzing the dimensions of CSR.

The paper comprises 5 sections. Following the introductory section 1 that outlines a conceptual framework, in the section 2, the paper deals with a general description of the survey section, the research setting and methods being used in collecting data. The third section presents the findings of research on the CSR Profile of respondent companies. Data on the HRM dimensions of CSR are analyzed in the fourth section. Finally, the section 5 concludes with a summary of the major findings.

2. METHOD

2.1 Sample

The sample, including 50 companies, for our survey was drawn from the ICI Annual List of Turkey's 500 Major Industrial Enterprises by revenue as ranked by the Istanbul Chamber of Industry (ICI 2002). The respondent companies ranged in size from having 30 employees to 4000 employees. The majority of companies were classified as small or medium, with one-quarter having more than 500 employees. Some companies in the sample (35%) have operations in more than one country.

2.2 Procedure

The survey involved the use of a pre-designed a questionnaire, focus group discussions and observations. The questionnaire form was developed to examine the extent and nature of CSR among the respondent companies. Some of the questions in the research were adapted from various surveys (See Zappalâ and Cronin, 2002). The questionnaire form included 33 questions comprising 3 sections. The survey was administered by e-mail. The respondents were assured that there were no right or wrong answers and that the best answer was their own personal opinion. They were asked to read the instructions carefully and to answer all the questions.

The first section of the questionnaire was about the background questions (e.g. the multinational status of respondents, sectors they operate in, and the primary status of person who completed the questionnaire). While the second section asked questions on the corporate social responsibility profile of respondents, the last included a series of questions on the human resource management dimensions of CSR.

3. CSR PROFILE

3.1 Reasons for CSR

From the stakeholder approach, if companies are 'citizens' then they also have rights, duties and responsibilities to their stakeholders. CSR activities for company are important way to realize these duties and responsibilities, and offer several benefits to its stakeholders.

CSR activities also provide businesses with the advantages of an improved image and reputation, an improved trust, a more prominent profile, a better market position, more business, increased employee motivation, increased attractiveness to potential recruits, cost savings and increased efficiency, and an improved company culture (Jenkins, 2001).

In our study, the companies indicate similar reasons. Overall, the community expectations, changing social values and public opinion are the basic causes of engaging in corporate social responsibility activities. The majority of companies (80%) see the CSR as a way for enhancing their public image and reputation. The building good relationship with the surrounding community and their employees is another motivation for the CSR programs.

Consequently, 95 % of the respondents point out that financial benefit isn't the primarily reason for the CSR programs, which means that they consider the long-term advantages instead of the short-term financial gains.

3.2 Types of CSR Activities

There are several CSR activities for both internal and external stakeholders. For example, loans, medical care, pension funds, maternity and safety programs are CSR activities for the internal stakeholders. The external CSR mainly consists of investment in community outreach, good employee relations, creation and maintenance of employment, environmental stewardship and financial performance etc. (Johansson and Larsson, 2000).

In the survey, the respondent companies were asked to list the types of their CSR activities. The sponsorships and student scholarships are the most popular CSR projects. 85 percent of them say that they support the sport and art activities.

Since the main motivation of CSR is to improve their public image for the companies, it isn't surprised that the most of CSR activities are the sponsorship projects. In Turkey (mainly in the city of Istanbul) the art festivals and organizations mostly are to be able to be realized by the sponsorship of private sector. Moreover, during the last years there has been a growing tendency among the Turkish companies to increase their sponsorship.

Secondly, there has been always a strong tradition of charity in the Turkish society, which contributes to a solid foundation of volunteerism. The most foundations and institutions provide funds for students. The results in our survey are consistent with that. The student scholarships are reported by the respondent companies as the most popular second CSR activity (65 %).

Another important aspect of the charitable tradition is the strong relationship between companies and the NGOs. It is known that in Turkey there are many charitable organizations managing their activities by the donations of corporations. One of these organizations is the Private Sector Volunteers Association (OSGD) that was formed in 2002 to bring together concerned companies and professionals interested in CSR activities.

3.3 CSR Policy

Cooperation with stakeholders in determining of CSR policy is one way that companies can increase acceptance and receptiveness to their CSR practices, and helps facilitate their success (Zappalâ & Cronin, 2002).

The research suggests that the respondent companies view (in order of importance) the general public opinion, the Private Sector Volunteers Association (OSGD), NGOs and their employees as the key stakeholders to consult with regarding to the CSR.

The findings from the survey present that the companies consult with at least one stakeholder when deciding the projects on CSR. However, seeing CSR projects as a way to improve their public image and reputation, the companies largely (75 %) identify the public opinion as the most important source in formulating their CSR policy. More importantly, 1 of 3 takes their employees' opinions in developing of the CSR policy, which means that they see their employees as a critical internal stakeholder.

3.4 Measuring Effectiveness

It may be concluded that the companies, measuring the effectiveness of CSR activities, place more importance on them. Evaluating CSR practices allow companies to assess the costs and benefits of any CSR programs, which is a critical indicator for expansion or modification of existing CSR practices. There are some evaluating methods. Mostly benchmarking, social auditing and self-reporting are used by companies. Another aspect of evaluating CSR activities is whether companies measure the effectiveness of CSR for the particular stakeholder groups (Zappalâ and Cronin, 2002).

In our research, the results suggest that 80 % of the respondents indicate to have a formal policy for evaluating the effectiveness of CSR activities.

According to the data, the companies, assessing their CSR activities, utilize the methods of public image survey, customer satisfaction survey and return on investment (ROI). The results present that 63 % of them mostly prefer the general public image survey. This is consistent with the overall results reported earlier. In another words, since the companies formulate their CSR activities for getting a good public image, they naturally evaluate the performance of their CSR activities by the public image surveys.

Secondly, customer satisfaction is a key success criterion when CSR activities are used as a marketing means especially. One-fourth of the respondents appraise their CSR activities by the customer satisfaction survey. As a result, the firms mostly consider that the impacts of CSR activities are more easily monitored by the external stakeholders such as community and customers.

4. HRM DIMENSIONS OF CSR

4.1 Role of HRM

CSR is a strategic issue crossing departmental boundaries, and affecting the way in which company does business. However, human resource management department should be the primary responsible for managing CSR activities that offer also practically and theoretical new opportunities to HRM. Moreover, HR department has the potential to play a significant role in developing CSR activities in the organization. While CSR is expanding the role of HRM, it also supports the benefits of workplace practices. That contributes to organizational efficiency and success (Kramar, 2004).

In the survey, the respondents were asked two questions about the role of human resource management on the CSR activities. First, they were asked on the responsibility of HRM in managing and coordinating of their CSR projects. According to Table 1, the HRM department mostly is the key coordinator unit with respect to the CSR (45 %). This is not a surprising since the role and influence of HRM has increased especially since the second part of 1990's in the Turkish firms. Besides developing and implementing the HRM functions, the department is also responsible for coordinating of social activities in the company. It seems that the companies perceive the CSR programs as a sort of social activity.

In 30 % of the companies, the responsible unit is the public relations department that mostly manages external affairs. Some of the firms see their CSR activities as a portion of the marketing function (5%), while in the small companies the primary responsibility rests with the CEO's office.

TABLE 1: THE ROLE OF HRM

Function	%
Human Resource Management	45
Public Affairs/Relations	30
Corporate Communications	15
Marketing	5
CEO's Office	5

Secondly, the companies were asked about the job description of professional, being responsible with the CSR activities in the relevant unit. They mostly indicate that the duties on CSR activities are listed in the formal job description of responsible professional(s). This shows that they pay attention to their CSR activities. The responsible professional is expected to implement and coordinate the CSR activities, and report the results to the CEO's office.

4.2 Communicating with Employees

Another important aspect of an integrated stakeholder approach to CSR is whether the companies communicate their CSR activities to their stakeholders. This communication allows a company to gain additional benefits from their investment including improving their public image, increasing employee morale, and support from the community (Zappala and Cronin, 2002).

Especially, communicating with employees is a critical issue to improve the performance of CSR mission. That is why; almost all companies (97%) state to communicate their CSR policies and activities to their employees.

There are several mechanisms ways of communicating with employees, which are e-mail, company newsletters, regular staff meetings and posters. E-mail is the fastest way for communication especially in large organizations. The findings of survey are consistent with that.

TABLE 2: THE COMMUNICATING CSR ACTIVITIES TO EMPLOYEES

Communication Mechanisms	%
E-mail	65
Company Newsletters	55
Regular Staff Meetings	45
Posters	25
Does not equal 100 as companies could select more than one mechanism.	

According to Table 2, the main mechanisms are e-mails (65 %) and company newsletters (55 %). On the other hand, in 45 percent of the firms, the face-to-face communication is still seen to be a popular and effective form of employee communication. A small number of them use the traditional mechanisms such as poster (25%).

4.3.CSR Activities and HRM Functions

Successful CSR programs rely on enlightened people management practices. The HR department is responsible for many of the key systems and processes (e.g. recruitment, training, performance appraisals) on which effective delivery depends. Getting the employment relationship right is a precondition for establishing effective relationships with external stakeholders. CSR does not change so much as broadens the HR agenda, and focuses on effective implementation (CIPD, 2002).

In the survey, the respondents were asked to evaluate the HRM functions such as recruitment, training, from the CSR perspective.

The CSR may increase attractiveness to current and prospective employees. For example, in 1995 the senior managers at Shell reported a tremendous loss of morale and a significant downturn in recruitment, when Shell suffered its difficulties in Nigeria and with Brent Spar. However, once Shell had made its commitment to CSR, through much greater transparency and engagement with external stakeholders, it found itself swamped with potential employees.

In addition to that, there are several studies confirming that CSR leads to an improved recruitment. A survey by Cone/Roper found that good corporate reputation come second only to career growth potential as the most important consideration for people when choosing a new employer - ahead of starting salary, fringe benefits, and social facilities (Pickering, 2005).

Today companies, having distinguished themselves as the frontrunners in CSR, have tried to translate the concept of CSR into a daily business reality using tools such recruitment (CSR Europe, 2002). According to a survey by the Points of Light Foundation (2003), 58 percent of U.S. companies use their employee volunteer programs for recruitment and retention purposes (BRS, 2005).

In our survey, the respondents identify CSR as the distinction criterion in their selection process. 65 % say that the candidates who get involved in CSR activities have an advantage over others under ceteris paribus (all other things being equal). This perspective is very important since the firms prefer candidates who have participated in CSR programs, which may lead people to introduce the concept of CSR before entering the labor market.

Secondly, the relationship between CSR and training function is a strategic issue, which is confirmed by 70 % of the respondents in our survey. In particular, employees are more likely to respond if training programs incorporate policies, procedures, and systems used on the workplace how to meet the CSR objectives. The respondents do this mostly for the new employees. 85 % of them train the new recruits on their CSR policy and projects during the orientation period. In this way, the new employees perceive the importance of CSR policy in the first stage.

On the other hand, data show that the companies also ask the new recruits about their interests on the CSR (70%), and whether they prefer to take part in volunteer activities (90 %). In this way, the firms use the orientation program to analyze the CSR profile of new staff.

4.4 HRM Practices

There is an extensive body of research demonstrating that CSR has positive effects on the human resource management practices such as improving trust and understanding, increasing employee motivation and loyalty, increasing efficiency, supporting company culture and communication effectiveness (Jenkins, 2001).

Table 3 shows the respondents' evaluations on the relationship between CSR activities and HRM practices. According to them, the CSR activities especially support communication effectiveness, cooperation and team inspiration.

TABLE 3: THE HRM PRACTICES

	Never (%)	Rarely (%)	Sometimes (%)	Frequently (%)	Always (%)	Total (%)
Communication Effectiveness	0	10	30	60	0	100
Cooperation and Teamwork	0	0	15	85	0	100
Employee Motivation	0	15	5	45	35	100
Employee Satisfaction	0	5	35	40	20	100
Employees' Loyalty	0	25	10	35	30	100

Today effective employee communication is delivering remarkable business results. The surveys show that employee communication is a strategic tool to improve corporate performance. For example, a research by Watson Wyatt Worldwide found that a significant improvement in communication effectiveness is associated with a 29.5 % increase in market value. Companies with the highest levels of effective communication experienced a 26 % total return to shareholders from 1998 to 2002, compared to a 15 % return experienced by firms that communicate least effectively (Watson Wyatt Worldwide, 2005). CSR activities particularly lead to a higher level of trust internally and externally among stakeholders. Fostering trust and credibility creates and maintains a positive workplace environment. This is very important since communication effectiveness require that the parties trust each other. This approach is confirmed by 60 % of the companies in our survey. They say that the employees who engage in CSR activities have a better relationship with the company, and communicate more honestly with their bosses, co-workers and the customers. The respondents believe that the CSR programs can greatly accelerate trust-building and effective communication among the staff.

Secondly, corporate social responsibility programs encourage employee teamwork. Teamwork is the most effective way of quickly learning success stems, creating clear targets, communicating clearly, and trusting each other. Many CSR projects require volunteers to work cooperatively in teams to accomplish tasks. Such teams often involve a diverse mix of company and community representatives, spanning a variety of ages, races, cultures, and working styles. Companies mostly have harnessed the teamwork skills learned in volunteer activities to help everyone from line employees to senior executives work more collaboratively in their jobs.

Moreover, the studies indicate that CSR practices, such as employee volunteering, can create a shared sense of purpose and loyalty among employees, helping foster employee teamwork, and improve employee skills such as leadership (Zappala, 2004). According to our survey, the CSR activities are used by the companies as a strategic tool in encouraging cooperation and teamwork. They mostly (85 %) stress the importance of CSR activities as a source of team inspiration. The respondents report that the employees who have similar interests come together in teams through the CSR Programs, which promotes cohesion among staff. It appears that the CSR programs are seen by the firms especially as an effective way to create a meaningful working environment.

On the other hand, employee motivation and satisfaction are core strategic objectives of any HR function. CSR activities can boost them in the workplace. The survey 2005 by KPMG shows that the companies suppose that employee motivation is a key driver in corporate social responsibility. The research includes a detailed analysis of the reports of the Global 250 companies, focused on why they are committed to corporate responsibility. The conclusion is that business drivers are diverse, both economic (75%) and ethical (50%). The top three are innovation and learning, employee motivation and risk management and reduction, with about 50% as motivating factors (KPMG; 2005; 5). There are similar results in our study as well. 85 % of the companies believe that their CSR activities are extremely important to motivation employee. To the respondents, taking part in volunteer activities is a means for their staff to get to know each other, meet new people, do useful work together and put their own life in perspective, which is very crucial in increasing the motivation.

Finally, in the study, the firms strongly emphasize the importance of building loyalty through the corporate social responsibility (65%). Indeed there are several studies showing the relationship between employees' loyalty and CSR activities. For example, according to the results from a survey among almost 25,000 people across 25 countries by Environics International, 80 percent of people who work for large companies state that they feel greater motivation and loyalty towards their jobs and companies the more socially responsible their employers become. Moreover, a survey on European employees reports that almost 90 percent of the respondents express greater loyalty to employers who are socially responsible (Zappala, 2004)

Another study of employees in the U.S. companies shows that a company's CSR activities have a positive effect on the average employees' satisfaction and loyalty. In particular, the employees involved in employer-sponsored community events are 30 percent more likely to want to continue working for their employer, and help it succeed (Cook, 2004). It seems that the Turkish companies have the correct strategy to strengthen the loyalty among their employees.

4.5 Rewards For CSR Activities

The reward of employees is the key tool to root CSR programs in a company. Companies with corporate social responsibility programs should reward employees to donate their time and energy to voluntary programs with a combination of gifts and recognition awards. Moreover they inspire and motivate employees by rewarding to get involved in CSR programs. In practices there are many ways to reward employees taking up voluntary activities.

Types of rewards for participating in corporate social responsibility programs are publication of volunteer activities in employees communications, certificates, recognition in public events, offers of product, service or financial assistance (Zappala and Cronin, 2002).

TABLE 4: THE TYPES OF REWARDS FOR CSR ACTIVITIES

Rewards for Voluntary Activity	%
Publication of Volunteer Activity in Company Communications	44
Certificates	11
Recognition in Public Events	11
Orally or Written Thank	22
Small Gifts*	11
Note: *) Responses include products such as t-shirt, coffee mug, and pen.	

In our study, the findings suggest that the respondent companies are aware of the importance of rewarding their employees for the CSR activities. Almost 50 % of them report to reward the employees involved in voluntary activities. As it is shown in Table 4, the rewarding is primarily in the form of promoting such participation through company communications, sending orally or written thank, and giving certificates and small gifts such as t-shirt, coffee mug and pen.

5. CONCLUSION

There is a growing awareness of the importance of corporate social responsibility in Turkey. In order to coordinate CSR activities among the Turkish companies, in 2002, the Private Sector Volunteers Association (OSGD) was founded by a group of companies. The OSGD is a nonprofit organization whose mission is to promote, facilitate, and supports voluntary CSR activities in Turkey.

Our survey also shows that the Turkish companies are getting more interesting in corporate social responsibility activities. According to the results, improving the company's image is the basic reason of CSR. Secondly, the sponsorships and student scholarships are the most popular CSR activities. On the other hand, in determining the CSR policies, the general public opinion is the most important source. Moreover, the respondent companies mostly have the formal tools for measuring the effectiveness of CSR activities, but mostly they use public image surveys. The HRM department mostly is the coordinator of CSR activities. The companies see the relationship between human resource functions, practices and CSR activities in different aspects. Finally, the awarding of employees, getting involved in volunteer activities, is seen by the companies as a key to root their CSR programs.

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