

CUSTOMER EVALUATION
OF THE CORPORATE SOCIAL RESPONSIBILITY
PRACTICES: STUDY ON THE TURKISH BANKING INDUSTRY

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BOĞAZIÇI UNIVERSITY

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PRACTICES: STUDY ON THE TURKISH BANKING INDUSTRY

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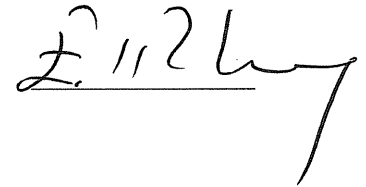
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Thesis Abstract

Selen Zora, “Customer Evaluation of the Corporate Social Responsibility Practices:
Study on the Turkish Banking Industry”

The purpose of this study was to investigate how the customers evaluate the Corporate Social Responsibility (CSR) practices of the two banks that are active in Turkey, one having a local image (Garanti Bank) and the other with a foreign image (HSBC Bank). The study also aimed to investigate whether the ethical ideologies (idealism and relativism) of the customers have an effect on the customer evaluation of CSR practices of the banks and the relation between overall CSR evaluation and CSR components (economic-legal, customer, society-sustainability, and environment), and the dependent variables such as customer satisfaction with the bank, bank’s fulfillment of the social responsibility practices, evaluating CSR as profitable, bank’s promoting the usage of internet banking, and evaluating the bank as honest and trustworthy.

An exploratory study was carried out in order to see whether CSR items that are important in the Turkish Banking Industry are covered in the literature. In-depth interviews are held with three top project coordinators of the two banks (Finansbank and Citibank) and a NGO (Corporate Volunteer Association – *Özel Sektör Gönüllüleri Derneği*) which works in close relation with the banks. Two banks (Garanti and HSBC banks) were selected by using the content analysis method. Both Garanti Bank and HSBC banks appeared to address CSR practices with high importance. The data was collected from the customers by a questionnaire. The customers have been asked to identify the bank they have been mostly working with for the last three years and the questionnaire is completed only by those who answered this question as Garanti Bank or the HSBC Bank. 238 (121 from Garanti Bank’s customers, 117 from HSBC Bank’s customers) respondents completed the questionnaires.

The results of the study showed that the ethical ideologies don’t have a significant impact on the customer evaluation of CSR practices. In other words, both idealist and relativist customers value CSR practices with the same importance. It was discovered that CSR has positive relations with all dependent variables (customer satisfaction with the bank, bank’s fulfillment of the social responsibility practices, evaluating CSR as profitable, bank’s promoting the usage of internet banking, and evaluating the bank as honest and trustworthy). It was also found out that Garanti Bank customers held more idealistic attitudes and they valued CSR practices more compared to HSBC customers.

Tez Özeti

Selen Zora, “Müşterilerin Kurumsal Sosyal Sorumluluk Faaliyetleri Değerlendirmeleri: Türk Bankacılık Sektörü Çalışması”

Bu çalışmanın amacı Türkiye’de aktif yerel imaj taşıyan Garanti Bankası ve yabancı imaj taşıyan HBSC Banka müşterilerinin, bankalarının Kurumsal Sosyal Sorumluluk (KSS) faaliyetlerini nasıl değerlendirdiğini ve bu müşterilerin etik değerlerinin (idealizm ve relativizm) KSS değerlendirmesinde etkili olup olmadığını ölçmektir. Çalışmada, ayrıca, KSS faaliyetleri ve KSS bileşenlerinin (ekonomik-yasal, müşteri, toplum-sürdürülebilirlik ve çevre) bağımlı değişkenlerle (müşteri memnuniyeti, bankayı sosyal sorumlu olarak değerlendirme, KSS’yi karlı olarak görme, bankanın internet bankacılığını teşviki ve bankayı güvenilir ve dürüst olarak değerlendirme) ilişkileri de araştırılmıştır.

Türk Bankacılık Sektörü için önemli olan bütün KSS bileşenlerinin literatürde kapsandığını kontrol için ön araştırma yapılmıştır. Ön araştırma kapsamında iki banka proje koordinatörü (Finansbank ve Citibank) ve bankalarla yakından çalışan bir STK proje koordinatörü (Özel Sektör Gönüllüleri Derneği) ile görüşmeler yapılmıştır. Çalışmada kullanılan bankalar (Garanti ve HSBC Bankaları) içerik analizi yönetimiyle belirlenmiştir. İçerik analizinde, Garanti ve HSBC Bankaları’nın KSS faaliyetlerine önem verdiği görülmüştür. Çalışma datası müşterilerden anket aracılığıyla toplanmıştır. Müşterilerin son üç senedir en çok çalıştıkları bankayı belirtmeleri istenmiş ve Garanti/HSBC Bankası cevabını veren müşteriler ankete devam etmişlerdir. Toplamda 238 anket (121 tane Garanti Bankası müşteri anketi, 117 tane HSBC Bankası müşteri anketi) değerlendirilmeye alınmıştır.

Araştırma sonuçları müşterilerin etik değerlerinin KSS faaliyetlerini değerlendirmede etkili olmadığını göstermiştir. Başka bir deyişle, hem idealistler hem de relativistler KSS faaliyetlerini aynı önemle değerlendirmişlerdir. KSS’nin bağımlı değişkenleri (müşteri memnuniyeti, bankayı sosyal sorumlu olarak değerlendirme, KSS’yi karlı olarak görme, bankanın internet bankacılığını teşviki ve bankayı güvenilir ve dürüst olarak değerlendirme) olumlu olarak etkilediği bulunmuştur. Bunun yanı sıra, Garanti Bankası müşterilerinin HSBC Bankası müşterilerine göre daha idealist olduğu ve KSS faaliyetlerine daha çok önem verdiği görülmüştür.

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CHAPTER 1

INTRODUCTION

Society is the target where the businesses address and define their strategies in order to be sustainable in the competitive business environment. Companies have realized that they should “give something back” to the society (Lindgreen et al., 2009). Managers realized that understanding these social needs and finding ways to respond to the changes in the eyes of the society and meeting the expectations are important to run a successful business (Steckmest, 1982).

Corporate Social Responsibility (CSR) has been defined as the concept that has been answering the needs of the society. While the concept has been introduced to the literature for the first time by Bowen (1953), and developed throughout the years with other researchers. Starting with Carroll (1979), different models, theories and components of CSR have been introduced and measurement scales have been developed in order to measure the performance of the company in the CSR field. Researchers have agreed that the companies should address the social problems although there is no specific instrument in order to measure this. Some scholars have linked CSR with Corporate Financial Performance (Rettab et al. 2009) while others prefer Corporate Social Performance (Carroll, 1979) but yet there are still no accepted guidelines for the companies on why and how to address CSR initiatives. CSR initiatives may vary from sponsorships, financial support, and sustainability of the next generation to development and improvement of standards of living of employees and society. CSR claims to cover a very broad area, the companies struggle where and how to position CSR activities within their governance models. As Kotler (2006) suggested, CSR is perceived as a part of

'holistic marketing' concept most companies preferring to position their CSR initiatives within marketing activities.

Many scholars agree that the companies need society for their existence (Quazi and O'Brien, 2000; Carroll, 1979; Garriga and Melé, 2004). Stakeholders are the main driving force for the company to fulfill its need for human, financial and technical resources and thus, while answering the social needs of the society, the companies should also balance the interests of different stakeholders (Garriga and Melé, 2004; Maignan and Ferrell, 2004) such as shareholders, employees and customers. Each stakeholder has its own set of interest and set of power (Maignan and Ferrell, 2004) and therefore, expectation for benefit maximization. Among the stakeholders, customers are one of most effective group on the decision making process due to their power of purchasing, needs and preferences (Harrison and John, 1996). The attitude of the customers have an important effect on the company decisions, therefore, it has been suggested that they should also be important regarding the decisions that had been given in order to address CSR activities.

After providing the marketing concepts and explaining different theories and models of CSR and their measurement scales from the literature, following those, a brief explanation on the Turkish Banking industry will be given in order to express the dynamics of the banking market. This study will focus on the stakeholder management point of CSR but to have a deeper focus, the study will only consider one stakeholder group; customers. The CSR components will be defined for the customer evaluation of CSR. In order to measure the individual judgments of the customers, their moral

philosophies towards relativism and idealism will be measured by Ethics Position Questionnaire (EPQ).

Chapter Overview

Chapter 2 presents the theoretical background of the study starting with the marketing concept. Before going into the details of CSR, the driving factors for the development of CSR have been detailed. The chapter covers the categories of the marketing concept and extends the Social Responsibility Marketing with Corporate Social Responsibility Concept. Historical development, the models and approaches of CSR have been explained in detail.

Chapter 3 presents the CSR and The Turkish Banking Sector. Before going into the details of the sector, a general view of the CSR practices of Turkey is given. Following that, an overview of the Turkish Banking Sector in 2000s is presented and finally CSR in the Turkish Banking Sector has been discussed.

Chapter 4 addresses the empirical research of the study. The conceptual framework of the study and generation of hypotheses are given. Following that, scale development has been explained under exploratory study, items from the literature, and finalization of measuring instrument sub-titles. Lastly, sample selection process and sampling procedure of the study have been discussed.

Chapter 5 gives the findings of the study. Chapter starts with reliability and validity analyses, continues with descriptive statistics and sample characteristics. The relations that have been developed in the theoretical framework section have been

analyzed under Sample Characteristics, Reliability Analysis, Validity Analysis, Descriptive Statistics, and Hypotheses Testing.

In Chapter 6, the results that are given in Chapter 5 are discussed in detail. In the conclusion section, implications and limitations of the study and recommendations for the further analysis are given.

CHAPTER 2

CONCEPTUAL BACKGROUND

As stated in the Introduction section, companies have doubts about how and where to position their Corporate Social Responsibility (CSR) activities. Marketing literature suggests that (Kotler, 2006) CSR is a part of marketing activities since marketing is a process starting with market research to find the best market to sell products and ends with the product/service to be purchased by customer. Marketing has been based on creating benefit on the customers; this is one of the reasons why CSR has been considered as a part of it. CSR activities may vary from sponsoring NGOs to providing financial support to charities, creating job opportunities to employees and future generations and providing sustainable development to the society. These activities are related to the business practices of the companies.

In this chapter, marketing definitions will be presented. Following marketing concept, introduction to CSR concept and the theories that has been developed under CSR will be provided.

Marketing Concept

The simplest definition of marketing is “the delivery of customer satisfaction at a profit” (Kotler and Armstrong, 2001 p.5) and the core idea of marketing is the ‘exchange process’ (Kotler and Armstrong, 2001). Thereby, marketing does not occur unless there are two or more parties having something to exchange (Kotler and Zaltman, 1971).

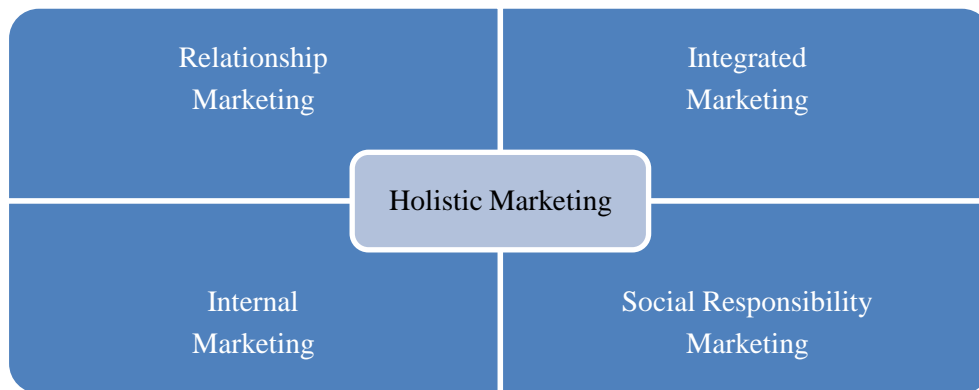
According to Kotler and Armstrong (2001), marketing is a managerial and social process because the individuals and groups exchange products and values with each other in order to satisfy their needs and wants. Extending the definition, the American Marketing Association (2004) states:

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stake holders.

While the world is changing, the scope of marketing practices is subject to change, too. Companies are in need of adopting themselves to the new competitive environment. As new business models are introduced, the marketing practices of the companies started to vary. Kotler (2006) simply states that holistic marketing encompasses ‘everything matters’ with marketing. Holistic marketing is based on developing, designing and implementing marketing initiatives while defining the distance and dependence among them (Kotler, 2006).

Kotler (2006) divides holistic marketing into four categories as: relationship marketing, integrated marketing, internal marketing and social responsibility marketing.

Business, itself, is formed by relations between the people and processes that are involved within the overall marketing process. Relationship marketing is the process that starts with establishment, followed by development and then creation of successful ‘relation exchanges’ (Morgan and Hunt, 1994). The scope of relationship marketing covers forming a marketing network through profitable and satisfying relationships in the long-run with the customers, suppliers, distributors and other key (Kotler, 2006).



Source: Philip Kotler, *Principles of Marketing* (2006)

Figure 1. Categories of holistic marketing

The processes of the company should be integrated in order to provide the best quality product and/or service to the end customer. Regarding this, Kotler (2006) defines integrated marketing as the process that starts with the production till the product/service reaches the end-user. According to Kotler, there are two key issues of the integrated marketing: (a) to gather different marketing activities together to deliver value to the customer and (b) to coordinate the marketing activities to increase their joint effects.

While the main marketing goal of a company is considered as reaching the end customer, the internal environment of the company shouldn't be missed. Companies should be attractive for the managers and employees in order to form the most effective and efficient strategies to stay competitive in the business environment. Therefore, marketing activities within the company are as important as external ones: the ones outside the company. It is important for the companies to search for the most qualified employees to serve its customers. According to Kotler (2006), internal marketing is the overall process of hiring, training and motivating employees. The departments (sales,

advertising, public relations, product management, marketing, human resources etc) should all work together in order to add value to product/service that has been offered to the customer (Kotler, 2006).

The forth and the last dimension of Holistic Marketing concept is Social Responsibility marketing. The 'social marketing' concept was introduced in 1971 by Kotler to define the use of marketing principles to lead to a social cause, idea or behavior. According to Kotler and Zaltman (1971);

Social marketing is the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research. (p.5)

Since then, the term encompasses the idea of social-change management including the design, implementation, and the control of programs that target agreeing on a social idea or practice (Kotler and Roberto, 1989).

Through the social responsibility issues arisen in the business world, in 2006, Kotler has expended the definition of social marketing. According to him, the organization should understand and determine the needs, wants and interests of the markets. Then, they need to deliver customer satisfaction and consider society's well being better than their competitors.

Corporate Social Responsibility (CSR) Concept

Corporate Social Responsibility (CSR) has arisen as an important concept nationally and internationally as the sustainability of the businesses and their relations with the

community have become important. Businesses mostly focus on upper and middle-class people as a target group, even though; lower-middle class and poor people have a higher population (Garriga and Melé, 2004). Therefore, the companies also need to touch the hearts of the lower-middle class and the poor if they want to have a strong reputation in the market.

Despite the common aspects, there are numerous CSR definitions in the literature and some concepts are also used interchangeably with CSR. The thing which has been underlined by Davis (1973) is that firms which are sensitive to community's needs will have a better community environment to conduct their business. The social issues differ among the industries (Carroll 1979, Cramer 2003). For instance; a bank doesn't feel any pressure from the environmental issues like manufacturers, therefore, manufacturers focus more on recycling than banks (Carroll, 1979).

CSR understandings and practices are also subject to change due to the differences between cultural, socio-economical and legal environmental characteristics of the countries (Antal and Sobczak, 2007). CSR practices of multinational corporations are drawn around the characteristics of the country they operate, rather than their home countries (Ertuna and Tukel, 2010).

In order to understand the CSR coverage of today, the historical trend of CSR concept will be presented in detail.

Historical Development of the CSR Concept

Howard R. Bowen is regarded as the Father of Corporate Social Responsibility (Carroll, 1999; Garriga and Melé, 2004). Bowen published *Social Responsibilities of the Businessmen* in 1953 and defined the businessmen responsibilities as:

[...] 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 (p.6).

Davis (1960) underlines CSR as an important phase in the business and states “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (p.70).

William C. Frederick is another important name in social responsibility and Frederick (1960) defines social responsibility as:

businessmen should oversee the operation of an economic system that fulfills the expectations of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare (p.60).

By 1973, Davis has underlined the importance of society in the business and introduced the Iron Law of Responsibility to define the CSR concept:

The Iron Law of Responsibility: “if business wishes to retrain its present social role and social power, it must respond to society’s needs and give society what it wants.” (p.71)

Carroll (1979) who is the founder of the famous four-part pyramid model describes social responsibility of business as “[...] encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (p.500).

Similar to Carroll, Kotler and Lee (2005) prefers the CSR activities to be discretionary. The business activities that are constrained strictly under the regulations and laws are easier to follow by the corporations. Rather, it is harder for the companies to do voluntary works to help the natural environment they are working in.

World Business Council for Sustainable Development (WBCSD) describes CSR as:¹

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.

To sum up, CSR definition has been broadened among the years and the businesses should answer the needs of both external (society and customers) and internal (shareholders). As it was mentioned, the CSR activities become important with the sustainability of the business and relationship building with the customers and therefore, it has been considered as a part of the marketing plan by the companies and these activities have been presented under Corporate Social Initiatives by Kotler (2006).

Corporate Social Initiatives

Kotler (2006) distinguishes between different types of corporate social marketing into: corporate social marketing, cause marketing, cause-related marketing, corporate philanthropy, corporate community involvement and social responsible business practices; while other academicians prefer broader definitions. For instance; Pelsmacker *et al.* (2001) sees cause-related marketing as a combination of public relations, sales

¹ <<http://www.wbcd.org/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=MTE00Q>>

promotions and corporate philanthropy based on profit. Corporate philanthropy commonly refers the business contributions to humanitarian and social causes (Geva, 2008).

Before going into the details of the Kotler and Lee's (2005) Corporate Social Initiatives, there is a point that should be underlined. Some may interpret that ethics and social responsibility can be used interchangeably. Even though two concepts are highly correlated, as it will be discussed under the CSR models section, social responsibility encompasses the ethical activities of the business corporations. Ethics are claimed to concern only with the rules of moral philosophy, while, social responsibility covers any social contract between business and the society which the company operates (Robin and Reidenbach, 1987).

While ethics has been used interchangeably with social responsibility, other companies may prefer using some other terminology such as Corporate Citizenship. The companies may differ in the CSR practices; therefore, they may prefer to name their activities under different CSR concepts. These concepts are defined by Kotler and Lee (2005) as Corporate Social Initiatives. Table 1 presents the different definitions of the corporate social initiatives, as well as, examples for each. However, it should be said that classification of these Corporate Social Initiatives is not very clear and the terms can be used interchangeably by different companies.

Table 1. Corporate Social Initiatives

Type	Description	Example
Corporate Social Marketing	Supporting behavior and change campaigns	Kalbini Sev – BeceI, BeceI supports the change of eating habits to have healthy hearts. ²
Cause Marketing	Promoting social issues through sponsorships, licensing agreements and advertising	Isbank supports the Turkish Chess Federation for the development of the young generation. ³
Cause-related marketing	Donating a percentage of revenues to a specific cause based on the revenue occurring during the announced period of support	American Express Credit Card used to donate a penny of each use of American Express Card and a dollar of each new card issues were given to the Statue of Liberty Restoration Project in 2003. ⁴
Corporate Philanthropy	Making gifts of money, goods or time to help non-profit organizations, groups or individuals	TNT Express Delivery and The Association in support of Contemporary Living started delivering books to the children who cannot reach them (March 27, 2000) – continues every year at the Library Week ⁵
Corporate community involvement	Providing in-kind or volunteer services in the community	Bosch contributes to the Firefly Mobile Education Unit ⁶
Socially responsible business practices	Adapting and conducting business practices that protect the natural environment, and human and animal rights	Body Shop doesn't test its products on the animals. (Pelsmacker et al., 2001)

Adopted: Philip Kotler and Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause* (2005)

Even though there are different explanations for CSR marketing practices, the CSR activities that are addressed by the companies are considered to be taken as a whole. There are stakeholders and motives within the concept of CSR. In this study, we'll combine the motives and stakeholders and use six components (natural environment, customer, legal, society, sustainability and economic). In the next section, different models that have been developed by the previous researchers have been presented and the most suitable approach and measurement scale for this study will be selected.

² <www.kalbinisev.com>

³ <<http://www.haberturk.com/ekonomi/haber/167967-Is-Bankasinin-holding-olmasi-yarar-saglar.aspx>>

⁴ <http://home3.americanexpress.com/corp/pc/2003/statue_liberty.asp>

⁵ <<http://www.cydd.org.tr/duyuru.asp?id=850>>

⁶ <<http://sustainability.bsh.com.tr/page.aspx?id=51>>

Approaches for CSR Measurement

As well as models, literature has developed several approaches measuring the CSR performance of the companies. These approaches underline the most important variable behind such CSR behavior the company performs. With a very detailed study, Garriga and Melé (2004) have grouped the theories of CSR into 4 groups: instrumental theories, political theories, integrative theories, and ethical theories. There are four main ideas which are tackled by each theory; (1) focusing on long-term objectives, (2) to use the business power responsibly, (3) combining social demands, and (4) helping to form a good society by doing what ethically good (Garriga and Melé, 2004).

Instrumental Theories

Moving on from the basic of the Pyramid Model argument, profit is the main concern of the business; instrumental theories also consider the maximization of profits as the main driving attitude towards CSR activities (Garriga and Melé, 2004). Instrumental Theories basically focus on receiving economic return via social activities (Garriga and Melé, 2004; Steckmest, 1982). This doesn't mean that they will exclude the interests of stakeholders (Garriga and Melé, 2004) but rather maximizing stakeholder interest (Odgen and Watson, 1999) and addressing philanthropic and social activities (Mc Williams and Siegel, 1001) only if they lead to profit in the end.

Three different approaches have been considered under instrumental theories regarding Garriga and Melé's study (2004); (1) maximizing the shareholder value, (2) CSR as a competitive advantage, and (3) cause-related marketing.

Maximization of Shareholder Value

Shareholders are essential for the companies because financial resource is a must for the company to start the business in the beginning. Therefore, "the corporations should be serving to the shareholders who own the residual rights and thus presumably assume all the risk of the business" (Ertuna and Ertuna, 2010, p.3). The return on investment on the shareholder value should form the basis of the company's CSR practices. The company should implement the practices that increase the financial value of the firm and not fulfill the projects that create nothing but only a cost on the company (Garriga and Melé, 2004). However, it is a challenge to balance the interests of different stakeholders mutually within the company (Jensen, 2002).

CSR as a Competitive Advantage

Competitive Advantage term was introduced into literature to criticize comparative advantage. To explain comparative advantage, absolute advantage should be discussed. According to Adam Smith, absolute advantage is the ability of a country to produce goods using the minimum producing facilities compared to anywhere else in the world. In comparative advantage, David Ricardo (1817) suggests that countries should

specialize on producing such goods where they have absolute advantage. Business environment is a long-term fighting arena and companies try to differentiate themselves from their rivals in order to be the market leader.

Competitive context (Porter and Kramer, 2002) has been considered to have four elements: (1) Factor conditions: employee education, natural resources, technological institutions, physical infrastructure etc. (2) Demand conditions: educating customers in order to influence the quality and size of the market. (3) Strategy and rivalry: reducing corruption, opening markets etc. and (4) Investment in related and supporting industries: relationship building with suppliers of services, components and machinery.

Considering these elements, CSR has also been considered to lead a company to a competitive advantage. Porter (1985) proposes the companies to produce high quality products in the market to sell at high prices. He basically underlines three goals for the competitive advantage: low cost (cost leadership), differentiation and focus. In that case; CSR can be used as a differentiation strategy because “it allows the managers to satisfy personal interests and to achieve product differentiation” (Mc Williams and Siegel, 2001 p.119). As the differentiation strategies may lead to research and development, these may also lead to new CSR related processes (such as process innovation and improvement and product innovation) which are valued by some customers (Mc Williams and Siegel, 2001). By focus; Porter (1985) says the companies should carefully examine what consumer group/segment they will serve with their products and/or services.

CSR as a competitive advantage has been divided into three sub-sets as follows by Garriga and Melé (2004): (1) social investments in a competitive context, (2) natural

resource-based view of the firm and dynamic capabilities, and (3) strategies for the bottom of the economic pyramid.

Social Investments in a Competitive Context

Porter and Kramer (2006) see CSR practices as an important source for comparative advantage and long-term organizational success. As to Porter and Kramer (2006), the companies should run CSR activities related to their business operations, therefore, companies should consider three categories of social issues while they are deciding on their CSR motives (p.85):

- (1) Generic Social Issues: These issues are not significantly affected by company's activities nor affect company's long-term competitiveness.
- (2) Value Chain Social Impacts: These social issues are significantly affected by company's operations in the regular basis of business.
- (3) Social Dimensions of Competitive Context: These issues are in the external environment of the company and they significantly affect the company's competitiveness in any area it operates its business activities.

The point that should be underlined for this approach is that the company actually has the knowledge and resource to solve a specific problem related to its business such as; a computer company forming free computer labs in the public schools and assigning technical personnel to them.

Natural Resource-Based View of the Firm and the Dynamic Capabilities

Resource-based view focuses on the supply-side (Mc Williams and Siegel, 2001) and underlines the importance of the supply chain cycle of the company on CSR practices. Resources are tangible and intangible assets that lead to the production and management practices of the company such as brand names, technology know-how, skilled staff, machinery (production facilities), capital (Wernerfelt, 1984). In order to have a competitive advantage, companies need to effectively use their resources (Barney, 1991).

According to Barney (1991), the resource-based theory is based on two assumptions: a) “companies within an industry may be heterogeneous with respect to the strategic resources they control” (p.104) b) these resources may not be perfectly mobile across firms, thus, heterogeneity can be long lasting. Moving on from these assumptions, this theory measures the competitive advantage of the companies based on resources.

Dynamic Capabilities Approach focuses on the development of the resources (Christensen and Overdorf, 2000), in other words; “What a firm wants is to create a situation where its own resource position directly or indirectly makes it more difficult for others to catch up” (Wernerfelt, 1984 p.173).

In order to enjoy competitive advantage over others, a company should be a ‘first-mover’ (Wernerfelt, 1984) and to have the first-mover advantage, the company should have the insight and/or opportunity in order to receive the information on the good/service before any other companies (Lieberman and Montgomery, 1988) and the industry must hold heterogeneous resources for production (Barney, 1991). Another

status that might lead to a competitive advantage is the entry barriers to a certain industry/country where the firm's resources are not homogeneously distributed and mobile across the firms in the competitive environment (Wernerfelt, 1984).

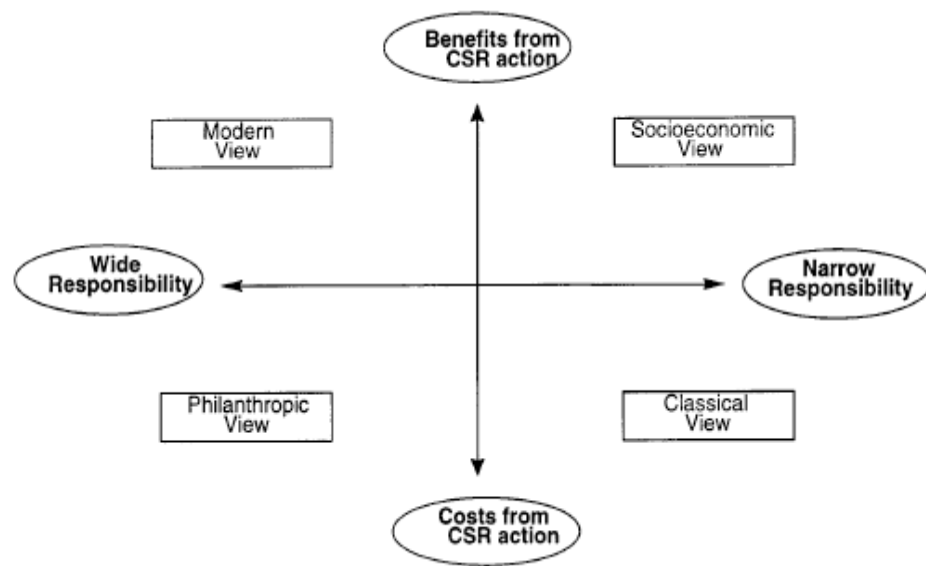
Strategies for the Bottom of the Economic Pyramid

Businesses mostly focus on upper and middle-class people as target group(s) (Garriga and Melé, 2004), however lower-middle class and poor people represent a higher mass worldwide. As businesses should be serving to the lower class, it was stated that the companies need to develop low-cost products and answer the needs of the lower class, too (Christensen and Overdorf, 2000). Therefore, the companies also need to touch the hearts of the lower-middle class and the poor if they want to have a strong reputation in the market.

CSR practices usually lead to extra cost for the companies in the form of the practices such as product innovation, cost of personnel devoted to CSR practices (Mc Williams and Siegel, 2001). Thereby, Mc Williams and Siegel (2001) underline that it's quite obvious that the large companies focus more on CSR initiatives than the small firms.

Moving from the basic arguments of CSR, Quazi and O'Brien (2000) preferred to measure CSR with a vertical axis model representing two extremes: one axis holds narrow responsibility to wide responsibility and the other holds benefits and the costs of the CSR action (see Figure 2). With the formation of the axis, the model had four quadrants and each quadrant is named as follows: classical view (only concern is profit

maximization), socio-economic view (profit maximization as well as serving social demand), modern view (focus on the net benefits of the socially responsible action), and philanthropic view (do charitable activities even if they have a net cost) With twenty-five statements, they cluster the corporations and place them on the axis where they fit. They have compared the Australian companies with Bangladeshi companies and found out that Australians clustered around philanthropic view (55.88%) and classical view (41.1.8%) whereas Bangladeshi companies clustered around modern view (85.32%). It can be said that the companies in the less developed countries pay more attention to the bottom of the pyramid since most of the population is formed by low income families.



Source: Quazi and O'Brien, 2000, An Empirical Test of a Cross-national Model of Corporate Social Responsibility

Figure 2. Two-dimensional model of CSR

Cause-Related Marketing

In the cause-related marketing practices, companies assign a specific percentage of the sold products for a designated cause and therefore, the customers are engaged with social responsibility practices. Engaging business practices with causes may increase the brand value of the company in the eyes of the customer. These practices lead the customers to think that the company is reliable and honest; however, it's also important for a company to advertise their CSR practices and increase the awareness among the consumers (Mc Williams and Siegel, 2001).

To sum-up, in the institutional theories only economic dimension of the business society relation is considered (Garriga and Melé, 2004). Social activities are supported if only they create wealth and profit to the business.

The next group of theories that will be described are Political Theories.

Political Theories

A company needs to be political in order to survive in the competitive business environment. The balance between the society integration and business practices are very critical. Companies need to form a very reliable character in the eyes of the customers and therefore, they need to answer their needs and wants. This engagement of politics and business are considered as the political theories in the literature and it is made up of: (1) corporate constitutionalism, (2) integrative social contract theory, and (3) corporate citizenship (Garriga and Melé, 2004)

Corporate Constitutionalism

Davis (1960) has declared the business as a social institution; therefore, it has responsibilities to the society. As noted before, Davis (1973) has also stated that the companies which take care of the community needs will perform its business better. 1973 is the year, when the 'Iron Law of Responsibility' is introduced to the literature. It's clear that the customers respond positively to the companies which answer their needs and wants. Moving from pluralism, Davis (1967) suggests that the businesses should have institutions in order to be responsible to the variety of social groups rather than just to stockholders. Like the way governments have constitutions; the companies should have an agreed regulation which defines the conditions for responsible use of power to answer the needs of society (Davis, 1967). Firm and its external environment have institutionalized more in the 1970s and social issues started to be mentioned in the government regulations and requirements (Preston and Post, 1981).

Integrative Social Contract Theory

Based on Locke's theory of the Social Contract, Plato's Republic, Hobbes' and Rousseau's political philosophies on the relationship between the state and civil society, Donaldson and Dunfee (1994) assume that there is a social contract between the business and the society and the negotiation process between the buyer and the seller can be described as reaching an agreement. According to the authors, macrosocial contract cultures define the limits and the level of moral norms regulating business activity. In

other words, individual communities are allowed to develop their own ethical norms.

Under the macrosocial contracts, there are microcontracts which are community-specific and are related to the specific economic interactions.

The four principles of macrosocial contract that has been covered in Donaldson and Dunfee's study (1994) are as follow:

1. Local economic communities may specify ethical norms for their members through microsocial contracts. (p.262)
2. Norm-specifying microsocial contracts must be grounded in informed consent buttressed by a right of exit. (p.262)
3. In order to be obligatory, a microsocial contract norm must be compatible with hypernorms. (p.265)
4. In case of conflicts among norms satisfying Principles 1-3, priority must be established through the application of rules consistent with the spirit and letter of the macrosocial contract. (p.269)

Corporate Citizenship

Corporate Citizenship is another concept used interchangeably with CSR. Corporate Citizenship basically means obeying the laws, generally agreed business principles and the codes of conduct (Googins et al., 2007).

The concept of Corporate Citizenship is introduced to the literature in 1980s to deal with the social role of business (Scherer and Palazzo, 2008) and considered within the scope of CSR.

According to Bendell and Bendell (2007), there are two aspects of concept of citizenship; first one relates to being active on issues of public concern and the other one relates to membership of a political community. Supporting the first aspect, Googins *et al.* (2007) examine Corporate Citizenship and Corporate Social Responsibility together and come up with two criteria: minimize harm and maximize benefit. By minimizing harm, they consider minimizing the negative impact of a firm's footprint in society. Maximizing benefit can be translated as creating shared value in the form of economic wealth and social welfare, including reduction of poverty, improved health and wellbeing, development of people, and care of the natural environment.

On the other hand, Hearit (2007) states two approaches for corporate citizenship; the argument of the classical approach (reached from Friedman's findings, 1962 and 1970), argues that organizations have an obligation only to their shareholders, and they 'do good by doing well.' The second one, the so-called stakeholder approach, suggests that organizations have an obligation to act in a socially responsible manner. The second approach leads the companies to the idea of being good corporate citizens by demonstrating the values of honesty, responsibility, and equality, as well as to show an outgoing concern for the well-being of the communities in which they operate (Hearit, 2007).

To summarize, the companies have a responsibility within the political arena and they need to fulfill social duties and/or participate in social cooperation (Garriga and Melé, 2004).

The next set of theories that are addressed under CSR are Integrative Theories.

Integrative Theories

Businesses present products and services but they are meaningless if they are not purchased by the customers. Therefore, the main reason of existence of the company is the customers, and the society. As mentioned, businesses should integrate their practices with the social values (Garriga and Melé, 2004), and needs to tackle the needs and wants of the customers in order to differentiate itself from its competitors.

Four approaches are addressed under Integrative Theories. After a short introduction of (1) issues management and (2) public responsibility, (3) corporate social performance (CSP) and (4) stakeholder management will be discussed more in detail because they address the main research area of this study.

Issues Management

Issues Management is described as the social responsibility processes which the company can identify evaluate and respond and actually, add value on it (Wartick and Rude, 1986). This way, companies actually realize the problems in the early stages and take actions in order to minimize the negative effects.

Public Responsibility

Public Responsibility encompasses the law, regulation and public opinions look at the emerging social issues and the implementation of actions (Preston and Post, 1981).

There are two ways that the company may involve in the social environment. Primary involvement covers the basics of the business such as establishment of facilities, integrating with suppliers, hiring employees, following legal responsibilities, producing and marketing. Secondary involvements are the subsets of the primary involvements such as offering career options to the employees.

Stakeholder Management

This perspective suggests that the primary indicator of business effectiveness is the measure the degree of the company on society at large (Kolodinsky et al., 2010). As argued by many authors, business is a part of the society, it needs society for its existence and hence, it should reach far beyond profit maximization (Quazi and O'Brien, 2000; Carroll, 1979; Garriga and Melé, 2004). However, to build their company images and survive in the competitive business environment, the new approaches of the business objectives lead the companies to increase their relationships with different group of stakeholders and try to balance their interests (Garriga and Melé, 2004; Maignan and Ferrell, 2004). Initiatives such as financing employee's education, organization of ethical training programs, adaptation of natural environment friendly policies, community involvement, and volunteering and sponsoring community events have become increasingly important topics in the business field.

Stakeholders are the individuals or groups who influence or are influenced by the corporation's activities and have a direct or indirect interest in the company (Verdeyen et al., 2004). There are two groups of stakeholders in the literature: (1) primary and (2)

secondary (Clarkson, 1995). Primary stakeholders have outstanding relations with the firm and they have direct impact (Wheeler and Sillanpaa, 1998). It includes shareholders, employees, customers, suppliers and governments (Clarkson, 1995). On the other hand, secondary stakeholders don't seem essential for the company survival but are important for the company reputation. This group mainly includes community and the natural environment, media and special interest groups (Wheeler and Sillanpaa, 1998).

The basis of the stakeholder theory is to create and maximize value for all stakeholders (Ararat, 2007). Stakeholders are seen as the most important element for the company and vital for company's survival because stakeholders are those who supply the necessary resources such as human, financial and technical (Lindgreen et al., 2009). This perspective states that the company holds socially responsible attitude when its activities balance the interests of different stakeholders since each stakeholder has its own expectations and degrees of power (Maignan and Ferrell, 2004). As Clarkson (1995) states that "the survival and continuing profitability of the corporation depends upon its ability to fulfill its economic and social purpose which is to create and distribute wealth or value sufficient to ensure that each primary stakeholder group continues as part of the corporation's stakeholder system". Thereby, the business community holds the primary stakeholders responsible from not fulfilling the social responsibility (Heyes and Ceton, 2009).

The weights of the stakeholders are different; therefore, the social responsibility of the corporation among stakeholders can be listed in a hierarchical order (Ertuna and Ertuna, 2010). Shareholders are the most important figure for the corporation's survival

due to the financial resource that has been provided by them. Therefore, the first duty of the company is to serve the interest of its shareholders. Secondly, employees are the production machines of the companies, they are essential for the company's production facilities and play an important role to lead companies into CSR practices (Mc Williams and Siegel, 2001). If the employees feel closer to the company and they will make self-scarification to serve the good of the society (Jaworski and Kohli, 1993). It has been argued that companies which have strong CSR abilities are considered to have good quality work conditions and care more about the social issues which affect both society and their employees (Maignan et al., 1999). Thus, the companies who are strong in CSR environment try to spread their CSR efforts internally, first, by providing them quality work conditions (Rettab et al., 2009). Due to developments in technology, the customers are, now, more aware of the corporation actions. The number of customers the company has, the volume of purchases the customers make and the products the customers prefer to buy shows how much power customers hold in their hands (Harrison and John, 1996). Their purchasing attitudes affect the business strategies directly. Customers are the ones who lead the company to earn money and without their support a corporation means nothing. Therefore, a company should also serve the needs and wants of the customers.

A study has been carried out by Ertuna and Ertuna (2010) in order to evaluate the differences between western and eastern cultures regarding CSR and the stakeholder approach. According to their study, the CSR practices of western and non-western corporations are different. It is argued that the interests of stakeholders are merged only if they improve the interests of the shareholders in the western form (Kolk and Pinske, 2006). Therefore, in the western cultures, it is believed that serving the interests of the

shareholders would serve the public interest better (Ertuna and Ertuna, 2010) because if the total firm value is maximized, the economy will be better off, thus, the social welfare increases (Jensen, 2002). Whereas, in the eastern corporations, the economic models are based on mostly serving the social good rather than shareholder interest and social rights and privileges are protected by law (Ertuna and Ertuna, 2010).

Another research regarding the stakeholder management and CSR is held by Maignan and Ferrell (2000). The authors have mentioned three different methodologies to measure Corporate Citizenship: (1) expert evaluations, (2) single-issue and multiple issue indicators, (3) surveys of managers. The authors have put together Carroll's (1979) pyramid model and stakeholder management theory and developed a scale of corporate citizenship and tested in US and France. They have only considered three primary stakeholders (customers, employees and public) in their study and stated that these groups are not the only ones who influence and be influenced by the decisions of the company.

To measure the relationship between the CSR practices and their relationships to stakeholders, Lindgreen et al. (2009) came up with four clusters related to: (1) employees, customers, and suppliers; (2) employees, customers, suppliers, and financial investors; (3) employees, customers, suppliers, financial investors, and the environment; and (4) financial investors, the environment, and philanthropy. Throughout this classification, they evaluated different types of CSR activities with different stakeholder groups and their relations to the different performance outcomes. As a result, they have found that firms combine different CSR practices due to their relations with different

stakeholders. Therefore, in order to have a full image of CSR, companies should target different stakeholder groups.

Similar to Lindgreen et al.(2009), Turker (2009) focused on the CSR practices and their relationships to stakeholders. The four groups of stakeholders in the study are: (1) employees and customers, (2) society, government and competitors, (3) natural environment and future generations, (4) nongovernmental organizations. However, responsibility to competitors is eliminated in the exploratory survey session during the scale development process. The study was conducted in the basis of the employee views. The result of the study showed that the concerns of employees are increasing and they care more about CSR to society, natural environment, future generations and NGOs than CSR to employees.

Another study has been carried out by Ertuna and Tukul (2010)'s on CSR and its relation to stakeholders: The authors have analyzed the words that are reported under CSR activities and the total word count is taken as the indicator of CSR reporting level of ISE-50 Turkish Companies for target and motivation. Motivation for the activity has divided into four groups based on the literature: short-term and long-term self interest, purely philanthropic and legal compliance. Purely philanthropic category had further subdivisions such as the area of philanthropy (education, culture-arts, sports, health etc) and mode of involvement of the corporation (the activity is realized directly by company or indirectly through charitable foundations). Companies having five activity themes and more than ten sentences with two-hundred words are taken as high-level disclosure and companies under these numbers are taken as low-level disclosure. Traditional influence variables are listed as the presence of controlling shareholders' charitable foundation,

family control and size of the company while international influence variables are listed as presence of corporate governance committee, presence of independent directors on the board and foreign control. The authors have found that companies organizing philanthropic activities through foundations and companies operating in the customer goods industry have higher results of CSR disclosures. They have shown that traditional influences have stronger effect on CSR reporting while international influences reflect through market driven factors.

This study will only focus on one stakeholder, customers. Customers have been one of the most important influential groups since their purchasing attitude has a direct effect on the company's earning. In the following section, customer's point of view of CSR will be presented. As the CSR activities of the banks are approved by the bank managers, they are also another important group for the sake of the study. Therefore, the manager's point of view will also be explained in order to address their importance in the managerial implications section.

Customer's Point of View in Stakeholder Management

Customers are essential for companies to stay in business because their purchasing is the driving factor of company's earning. Customers' needs and wants are important since they shape the way the companies present their goods and services. Today, the customers have more options for product purchasing, are more educated and wealthier, hence, better aware of their needs and wants, and are more brand conscious (Harrison,

2003). Thus, the social and ethical attitudes of consumers are important when it comes to the companies way of driving their CSR practices.

Arguden (2002) mentions a survey called Millennium Survey (1999) on CSR that was held in twenty-three countries in 6 continents, half of 25000 respondents have said companies' practices on the society level are important. CSR positively affects the customer evaluations especially when there is customer-corporate identification, (Lichenstein et al., 2004) a fit between company's business and supported cause, and a personal connection between the cause and the customer (Bhattacharya and Sen, 2004).

Looking from the customer point of view, companies that sponsor cause-related marketing seem socially responsible (Ross et al., 1992). A company's cause-related marketing activities also influence the willingness of the customer's to buy its products. (Smith and Alcorn, 1991) Therefore, it's important for the companies to increase the awareness on the customer side in order to increase the positive proactivity on the consumers (Bhattacharya and Sen, 2004). Consumers purchase goods from the firms that actively support cause-related marketing activities, environment friendly practices, or ethical practices (Barone et al., 2000; Maignan and Ferrell, 2004). Customers are more willing to buy goods and services from the companies that give more from themselves in order to support a social cause while the other companies hold CSR practices to increase its profits.

For instance; sponsorships usually create positive buying behavior on the customers. Therefore, Nan and Heo (2007) suggests that "the association between a brand and a social cause could lead to a similar affect transfer process: consumer's general positive attitudes toward the nonprofit organization could be transferred to the

sponsoring brand. As the brand promises to donate money to the social cause, consumers may perceive the brand to be altruistic, which could result in more favorable brand evaluations” (p.66).

Even though the purchasing attitudes of customers support the literature, it’s very hard to state whether a marketing activity that covers cause-related marketing component leads a more positive message than any other activity (Nan and Heo, 2007). Therefore, more research are carried out in order to support the effect of the CSR activities on the customer point of view. The research (Kabadayi and Ozkiris, 2011; McDonald and Rundle-Thiele, 2008; Luo and Bhattacharya, 2006; Lichtensen et al., 2004) have been carried out regarding the relation between customer satisfaction and CSR.

“Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used” (Jamal and Naser, 2002, p.147). In other words, satisfaction occurs when received service performance is better than the customer has expected (Jamal and Naser, 2002).

Industries such as banking sector put emphasis on the customer satisfaction (Metawa and Almosawi, 1998) because receiving a service spread to a longer period than purchasing a product from a market or a clothes store. In other words, “Bank marketing should be positioned away from the mere selling job and more towards the relationship marketing area” (Athanasopoulos and Labroukos, 1999). Therefore, customer satisfaction has become an important variable for the marketing of service industries (Metawa and Almosawi, 1998) where there is an ongoing competition (Kabadayi and Ozkiris, 2011; Naser et al., 1999). It has been argued that privatization

and economic liberalization have led to an increase in the competition among local banks, whereas, markets also have been opened to the new global competitors (Naser et al., 1999). The study results of Luo and Bhattacharya (2006) show that customer satisfaction affects the relation between CSR and firm market value significantly. The path the researchers have found that significant CSR leads to customer satisfaction and customer satisfaction leads to market value. It's proposed when a customer is dissatisfied with a service; he/she is more likely to switch to an alternative (Metawa and Almosawi, 1998; Jamal and Naser, 2002).

In their research proposal, McDonald and Thiele (2008) have underlined that even though CSR initiatives are affected by customer's satisfaction levels it's not the 'prime motivation' of the CSR programs that are carried out by the companies. The customer-preferred dimensions defined by Manrai and Manrai (2007) such as personnel-related considerations, financial considerations, branch environment-related considerations, convenience-related considerations (ATM, opening hours) are expected to increase customer satisfaction more than CSR initiatives.

Satisfaction has positive correlation with the loyalty. It's assumed that when the customers are satisfied with the service delivery they are more likely to repeat purchasing attitude and become loyal to the company.

Customers believe labor practices of the companies are a requirement in terms of their buying attitude (Park, 2005). According to the findings of Bain & Co Company, the companies that have the highest employee loyalty also have customer loyalty (Arguden, 2002). Loyalty in the banking environment is defined as 'commitment' by Bloemer et al. (1998) According to the authors, customers are bounded to the banks "as

a result of explicit and extensive decision making, as well as evaluative processes, a consumer becomes committed to the bank and therefore, by definition, becomes bank loyal” (Bloemer et al., 1998 p.277). In the retail environment, supporting nonprofit organizations and/or ethical practices cause the customer to feel attached to the store (Linchestein et al., 2004). The companies that have customer loyalty also have high level of profit (Arguden, 2002).

Customer evaluate the companies that adopt CSR practices as trustworthy. Especially, consumers will consider “the company’s reputation for respecting and caring about them” (Castaldo et al., 2009 p. 12). The common belief in the customer side is that “a firm that engages in good works in the community has a kind of corporate conscience, and would not engage in dishonest practices” (Crouch, 2006 p.1543). Customers react more to irresponsible behavior than responsible (Bhattacharya and Sen, 2004). Thereby, it has been suggested that the companies that are considered as socially responsible attracts more customers while the companies having bad records are being punished (Castaldo aet al., 2009). We have seen many examples of customers boycotting companies due to their irresponsible behavior. For instance; Coca-Cola has been boycotted in 2006 due to their human rights violation in Columbia for a long time.

The research that has been held by Pomeroy and Dolnicar (2006) in the banking sector has shown that customers prefer CSR initiatives that are directly benefiting them compared to the benefits for the whole community, like opening new branches and adding employees (retrieved from McDonald and Thiele, 2008). Similar results have been also proposed by McDonald and Thiele (2008), Castaldo and Perrini (2004) and Page and Fearn (2005). Castaldo and Perrini (2004) found that the only social dimension

that affects the respondents attitude towards CSR is consumer rights and needs (Retrieved from Castaldo et al., 2009). Page and Fearn's (2005) study on corporate reputation has shown that consumers consider ethics when it has a direct affect on them.

In their article Castaldo et al. (2009) suggests two conditions for company's CSR activities that affect customer intentions:

- (1) The products sold by that company contain an ethical proposition. This kind of product is accompanied by the company's implicit promise that a given ethical value will be respected (p. 2).
- (2) The CSR reputation of the company includes an acknowledged commitment to protect consumer rights and interests (p. 2).

The authors consider that the companies with a strong CSR reputation will have competitive advantage over its competitors.

Managers Point of View in Stakeholder Management

Managers play a vital role since it's a stakeholder group and is in charge of orienting the company's decisions and actions with company's other stakeholders (Maignan and Ferrell, 2004). It's quite obvious that the focus of managers will be on internal rather than external stakeholders, since managers have direct control on employees within the company (Harrison and John, 1996). Managers can: a) create/change the organizational structures of the business, b) form an independent organization in order to solve a specific problem (Christensen and Overdorf, 2000).

The instrumental perspective of stakeholder management suggests that, the managers can lead to an increase on the profit maximization and may increase the value of the company (Harrison and John, 1996). The companies should be proactive to address the social needs and this proactive action can be considered as ‘organizational flexibility’. Ginsberg and Buchholtz (1990) describe organizational flexibility “reflects not only the speed of response to the environmental change but also an organization’s ability to reduce the impact of environmental change and the costs of responding to it” (p.13). Therefore, the attitudes of managers are important for the company because they not only direct the company but also “make judgments as to whether there will be net benefits or net costs to the company associated with the exercise of social responsibility” (Quazi and O’Brien, 2000 p.34). Managers are those who decide on the CSR involvement (Lindgreen et al., 2009), hence, they are the ones who decide on the issues to be considered and manage the implementation process. Managers either have the power to make decisions in CSR field and/or they can lead their employees to work for CSR related issues. The CSR project coordinator of Citibank underlines that the employees are more willing to take place in CSR projects when their managers take the lead. Thus, the decisions of the managers for public interest have direct effect on the development of projects focused on social issues (Greening and Gray, 1994). CSR project coordinator of Finansbank, stated that the projects coming from the bank branch managers are more realistic compared to the general directorate employees because bank branches have direct communication with the customers that they may understand the social needs better. Managers should also monitor the interests of the different stakeholder groups during the CSR decision making process. An important support for

the stakeholder theory through the managers' point of view have come from the study of Bird et al. (2007) stating that managers who try to satisfy different stakeholder groups generally do not harm the interest of the stockholders.

The top management support for the social initiatives will positively affect the organization's CSR practices (Drumwright, 1994). Hence, the attitude towards the top management is also important in terms of CSR. If the moral values of the employees and other managers within the organization differ than the values of the top management, the company will inevitably face with an ethical conflict (Hortacsu and Gunay, 2008).

It's quite obvious that managers of international companies should understand the cultural circumstances (Katz et al., 2001) and adapt themselves to the different working environment in the different countries they operate. Katz et al. (2001) also draws attention to the fact that the business environment has become more global and managers should interpret the international codes and adapt global approaches to each host country.

Corporate Social Performance (CSP)

Corporate Social Performance focuses on the relationship between the social responsibility principles, social responsive processes and the actions taken by the companies to address them (Wartick and Cochran, 1985). In other words, it measures the effectiveness of CSR activities of the companies. The very reason why CSP has been implemented is that if a practice cannot be measured, it cannot be improved (Arguden, 2002). Therefore, it was a need to determine the principles to measure the performance

criteria and monitor them regularly. There are three different models introduced in the literature to measure CSP.

Models of CSR

There are three models in the literature (Geva, 2008) that have been developed to measure the relation of CSR components and they all seem to accept Friedman's argument on building the social issues on the top of the economic ones (Freeman and Liedtka, 1991). The common point of these models is that they all consider the ethical, legal and economic practices of the companies for CSR evaluation. These models are; the pyramid model, the intersecting circles model of CSR, and the concentric circles model.

The Pyramid Model

Carroll's (1979) argument of Corporate Social Performance (CSP) includes a firm defining social responsibility, as an understanding of the issues for which social responsibility exists and a specification of the philosophy to response. According to Carroll, social responsibility embodies the economic, legal, ethical and discretionary categories of business performance (see Figure 3). The model categorizes the different responsibilities hierarchically as economic, legal, ethical and philanthropic (Carroll, 1991).

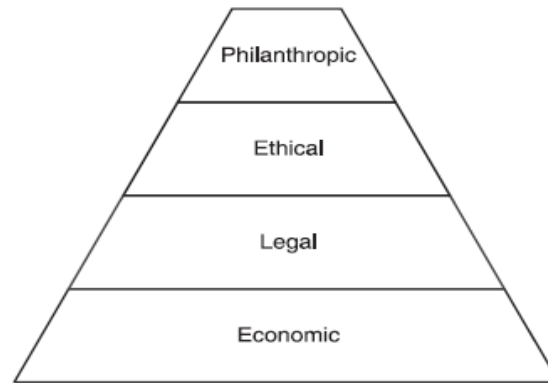


Figure 3. The pyramid model

- Economic responsibilities: “The most important thing a corporation can do for society, and for any community, is to contribute to a prosperous economy” (Porter and Kramer, 2006 p.91). Therefore, the first aspect of business to provide profit to the stockholders, Carroll puts the economics at the base of the responsibility of business because if the business is not making profit, then the other categories are meaningless. Therefore, maximizing the stockholder’s profit is seen as the essential criteria to evaluate a corporate social activity (Garriga and Melé, 2004) but clearly, Friedman’s theory of “the social responsibility of the business is to increase its profit” is not enough (Friedman, 1970 p.122) for the corporations to have a healthy business environment. Since the business units are managing the economy, economic developments are subject to affect public welfare such as full employment, inflation and maintenance of completion (Davis, 1960).
- Legal responsibilities: Businesses are operating under the framework of certain laws and regulations. Businesses need the supervision of the government

regulations to make sure specific social needs and expectations are met because if businesses are left by themselves on their own, they will only work for their own benefit and interest, not for the whole society (Wood, 1991).

- Ethical responsibilities: The responsibilities such as fairness and justice that are expected by the society members but not defined in the business laws or regulations.
- Discretionary responsibilities: These responsibilities are left to individual judgment and choice. It includes the activities that consider promoting welfare such as supporting arts, education or corporate-sponsored programs for disadvantaged workers etc (Katz et al., 2001). The difference between ethical and discretionary responsibilities is that companies are willing to spend time, money or staff for the good of the society but they don't feel unethical if they can't.

In 1983, Carroll has re-written his CSR definition (Carroll, 1999). He enlarged the discretionary component as involving voluntarism and/or philanthropy, because according to him, that seemed to be the arena which gives the best discretionary examples.

In 1991, Carroll reorganized his model as a pyramid. Taking the economic category as the base, he stated:

The CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen (p.43).

The Intersecting Circles Model of CSR

The Intersecting Circles Model contrasts with Pyramid Model on two issues: As Geva (2008) states Intersecting Circles Model “(1) recognizes the possibility of interrelationships among CSR domains; and (2) rejects the hierarchical order of importance” (p.15) (see Figure 4).

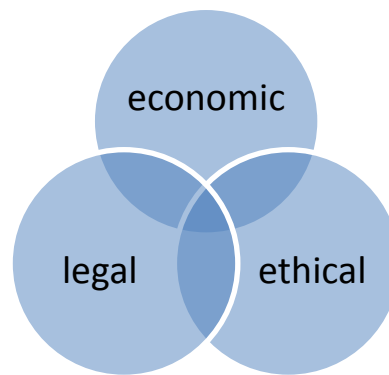


Figure 4. Intersecting circles model

Referring to Carroll’s work, the primary idea of Intersecting Circles Model is that, none of the CSR domains is more important or significant relative to the others (Geva, 2008). Another difference is that the philanthropic category is considered under the ethical and/or economic domains (Geva, 2008).

Basically, this model allows the interrelationships among the responsibilities whereas it also allows no relations among the different domains of responsibility (Geva, 2008).

Concentric Circles Model (CON)

Considering the basic math knowledge, the figure shows that every member of the inner circle is also the member of the outer circle. Hence, the main idea behind the CON model, similar to Intersecting Circles Model (IC), is to allow interrelationships among different corporate social responsibilities (Geva, 2008).

Three concentric circles of corporate social responsibility were introduced by the Committee for Economic Development (CED), which is a non-profit, non-partisan business led public policy organization⁷, in 1971 (Carroll 1991, 1999; Geva 2008; Garriga and Melé, 2004). The components of the CON are the same as pyramid model: economic, legal, ethical and philanthropic (see Figure 5).



Figure 5. Concentric circles model

- The inner circle: basic responsibilities of the economic function; products, jobs and economic growth. This represents the core concept of the social responsibility and is similar to ideas of Carroll's Pyramid Model. The difference

⁷ < <http://www.ced.org/about/about-ced> >

is that the pyramid defines the economic role of the business as being profitable, (Carroll, 1979) whereas, Concentric Circles Model defines economic role as “be constructively profitable” (Geva, 2008 p.22).

- The intermediate (ethical) circle: encompasses the responsibility to exercise economic functions through the awareness of changing social values and priorities such as relations with employees (Geva, 2008)
- The outer (philanthropic) circle: responsibilities that actually improve the social environment such as poverty (Geva, 2008)

While the original CED model has three circles, in the 2008 article of Geva, has placed the corporate legal responsibilities in a particular circle.

Another inference by Geva (2008) is that the Pyramid and Intersecting Circles Models focus on the tension between business and society, whereas, the Concentric Circles Model (CON) highlights their independence stating that there should be social standards in order to control the business behaviors.

Researchers have developed theories in order to present different approaches in the CSR literature. While Models of CSR are broader, other CSR approaches focus in specific groups/areas that are addressed by CSR activities.

Besides the three models stated by Carroll (1999), the other four important measures of CSP in the literature are (1) the Fortune Survey, (2) the KLD index, and (3) Toxic Release Inventory.

The Fortune Survey

Fortune Survey is formed by the rating of the senior executives, outside directors, and financial analysts for the ten largest companies in their own industry. This survey has been criticized by a number of scholars for giving a very subjective point of view. In this survey, “senior executives, outside directors, and financial analysts rate the then largest companies in their own industry on eight attributes of reputation, using a scale of zero (poor) to ten (excellent)” Fortune, 1994, p.58).

Abbott and Monsen (1979) used a quantitative scale to measure CSR, known as Social Involvement Disclosure (SID) scale which is developed from the content analysis of the annual reports of Fortune 500. The reason for selecting annual reports is because they have social involvement score of large quantities of firms and are public that they are easy to access. However, due to show a good reputation of the company, the annual reports only have one perspective and therefore, are criticized by Turker (2009) as not being very reliable.

The Kinder, Lydenberg, Domini (KLD) Index

The KLD Index was developed by Kinder, Lydenberg and Domini & Co and aims to measure the CSP with nine dimensions focusing on ranking 800 firms, including Standard & Poor’s 500 firms (Hillman and Keim, 2001). The CSP areas included in the index are community relations, employee relations, natural environmental performance, product characteristics, treatment of women and minorities, military contracting,

production of alcohol or tobacco, involvement in the gambling industry, involvement in nuclear energy, and investment in the areas with human rights. Waddock and Graves (1997) points out that these CSP dimensions are consistent, largely objective and have a set of screening criteria; therefore, it's expected to give more reliable data compared to Fortune 500 Index. Another improvement contributed by this index is it gives ranking for all of Standard & Poor's 500 firms rather than top ten. The resources of the indices are annual surveys, annual reports, proxy statements, quarterly reports, and external data such as the press articles (Hillman and Keim, 2001). The KLD index areas are rated from -2 (major concern), -1 (concern), 0 (neutral), +1 (strength), +2 (major strength) and the calculation method of KLD index is to sum up the ratings from major strengths to major weaknesses to have an overall score. Thus, the best score in the index is "0".

KLD and Fortune Indices are criticized by scholars. Maddock and Graves (1994) criticizes KLD index is that the index is treating all CSP dimensions equally important. Maignan and Ferrell (2000) claim indices to be designed to evaluate companies in specific countries and they are considered not to be based on theoretical arguments. The research of Griffin and Mahon (1997) showed that Fortune Survey and KLD Index measure similar things. However, Fortune survey is criticized as measuring CSP fairly.

Toxic Release Inventory (TRI)

TRI report shows the performance improvements of the companies in order to prevent toxic wastes. Griffin and Mahon (1997) assumes that inventory is related to natural environmental issues, therefore, can be treated as an evidence for CSP. The scores of the

companies are calculated by comparing the differences in total transfers and total releases.

In order to measure the differences and similarities between the Fortune Survey, the KLD index and TRI, Griffin and Mahon (1997) have carried out a study that focused on Corporate Philanthropy report.

Corporate Philanthropy

Griffin and Mahon (1997) have utilized the Corporate 500 Directory of Corporate Philanthropy report which studied and compared large firm's philanthropic activities. The generosity index is developed to measure philanthropic activities and is calculated by summing up the weighted standard score (percentage of earnings before taxes) and standard score for total contributions. Following this, firms are given grades such as A+, A- to compare them with the other companies within the index.

Considering all these four measurements, Griffin and Mahon (1997) have come to conclusion that Fortune Survey and KLD Index are more related to the financial performance rather than CSP. Even if TRI shows the actual performance of the company regarding the toxic wastes, it is neither related to financial performance nor CSP. Out of the companies Griffin and Mahon (1997) analyzed, 33 companies have positive relationship, twenty companies have negative relationship between CSP and corporate financial performance (CFP). Roman et al. (1999) re-analyzed the companies in Griffin and Mahon's (1997) research, they have focused that poor CFP accompanying poor

CSP” indicates a positive relationship. Therefore, they also came to conclusion that CSP and CFP are positively correlated.

Another research regarding the financial performance and CSR has been held by Rettab et al (2009). They focused on emerging economies through (1) corporate social responsibility (2) employee commitment, and (3) corporate reputation under stakeholder approach. CSR is measured by 26-item scale for the following practices: (1) community responsibilities, (2) natural environmental responsibilities, (3) employee responsibilities, (4) investor responsibilities, (5) customer responsibilities, and (6) supplier responsibilities. As a result, the authors proved that CSR activities have positive impact on corporate financial performance and employee commitment, and CSR activities are positively related and CSR activities also have positive impact on company’s reputation.

To summarize, the idea behind Integrative Theories are businesses need to integrate with the social needs of the society because they depend on the society for its existence (Garriga and Melé, 2004).

According to the classification of Garriga and Melé (2004), the last category of the theories that address CSR is Ethical Theories.

Ethical Theories

Literature suggests that CSR has close relations with the ethical ideologies. It has been said that social responsibility emerges from “the ethical consequences of one’s acts as they might affect the interests of the others” (Davis, 1967 p.46). “Ethical ideology refers to a system of ethics used to make moral judgments, which offers guidelines for judging

and resolving behavior” (Henle et al., 2005). It is known that people judge the situations with their personal moral values and therefore the decisions of the similar situations are always subject to change from one individual to another. In other words, ethical theories are “based on principles that express the right thing to do or the necessity to achieve a good society” (Garriga and Melé, 2004, p.62) As Singhapakdi et al. (1996) have stated the ethical and social responsibility practices may differ due to the personal and situational factors. According to the classification made by Garriga and Melé (2004), Ethical Theories are analyzed in four categories: (1) normative stakeholder theory, (2) universal rights, (3) sustainable development, and (4) the common good approach.

Normative Stakeholder Theory

Stakeholder management has been considered under the Integrative Theories because “some authors consider that this form of management is a way to integrate social demands” (Garriga and Melé, 2004 p.60). Stakeholders are proposed to link with ethical ideologies because they are actually people or groups which have their own set of interests whether or not it corresponds with the interests of the company (Garriga and Melé, 2004). Regarding the decision making process of the companies, it has been suggested that ethical principles are also needed (Freeman, 1994).

As an application of Normative Stakeholder Theory, Hunt et al. (1990) have improved the Wood et al.’s (1986) two-item scale of CSR and examined social responsibility among advertising executives. The objective of the statements measuring socially responsible behaviors was to display the frequency of the behaviors of the

respondents. It has been found that social responsibility was not related with the professional success of the advertising executives. The executives surveyed are neither rewarded nor penalized for being socially responsible.

Universal Rights

Universal rights are considered to be theoretical and supported by the moral philosophy theories (Donnelly, 1985). United Nations' Global Compact is seen as one of the most important international documents in CSR literature. The issues are covered in ten principles (UNDP, Global Compact Booklet):

Human Rights

- (1) Businesses should support and respect the protection of internationally proclaimed human rights; and
- (2) Make sure that they are not complicit in human rights abuses.

Labor Standards

- (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- (4) The elimination of all forms of forced and compulsory labor
- (5) The effective abolition of child labor, and
- (6) The elimination of discrimination in respect of employment and occupation

Environment

- (7) Businesses should support a precautionary approach to environmental challenges
- (8) Undertake initiatives to promote greater environmental responsibility; and

(9) Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

(10) Businesses should work against all forms of corruption, including extortion and bribery.

The Global Compact only draws the framework of the responsible business practices.

Sustainable Development

This approach has been considered under Ethical Ideologies because sustainability is a custom-made process for each company (Van Marrewijk and Werre, 2003). Sustainable Development concept was first mentioned in the Bruntland Report (1987) published by World Commission on Environment and Development. The report is based on two values: environment and development. Thus, sustainable development means:

development seeking to meet the need of the present generation without compromising the ability of future generations to meet their own needs. It aims at assuring the on-going productivity of exploitable natural resources and conserving all species of fauna and flora (p. 8).

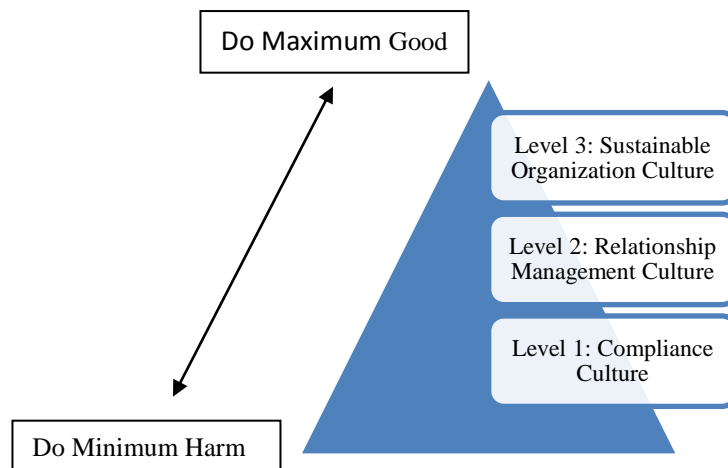
The report tries "to help define shared perceptions of long-term environmental issues and the appropriate efforts needed to deal successfully with the problems of protecting and enhancing the environment, a long-term agenda for action during the coming decades, and aspirational goals of the world community" (p.9).

The report tries to gather the world together for a multilateral action in order to find more effective solutions to common problems that has been affecting the whole world.

One of the most encompassing definitions of sustainability is by Wheeler et al. (2003) as:

Sustainability is an ideal toward which society and business can continually strive, the way we strive is by creating value, creating outcomes that are consistent with the ideal of sustainability along social environmental and economic dimensions (p.17).

Wheeler et al. (2003) have engaged the stakeholder management theory with sustainability and come up with a pyramid similar to Carroll's (1979) (see Figure 6).



Source: Wheeler et al., Focusing on Value: reconciling corporate social responsibility, sustainability, and a stakeholder approach in a network world (2003)

Figure 6. Wheeler's sustainability pyramid

- Level 1 – Compliance Culture: In this level, organization assumed not to be engaged with its stakeholders but the norms and values shaping the society are respected (p.10).

- Level 2 – Relationship Management Culture: Firms are accepted to have good relations with the primary stakeholders and create value for each case. The value creation is described as a trade-off perspective and shaped around corporate philanthropy and stakeholder communication (p.11).
- Level 3 – Sustainable Organization Culture: On the top of the pyramid, the value is maximized and firms have realized the interdependency between them, their stakeholders and society. The value is integrated economically, socially and ecologically (p.11).

The Common Good Approach

The common good approach basically brings together the sustainable development and stakeholder approach. The basis of the common good approach is that business is a part of the society; therefore, it needs to serve the common good of the society (Garriga and Melé, 2004). There are different ways to contribute to the common good; sustaining economical development and providing jobs, goods, services efficiently and effectively.

As Garriga and Melé (2004) summarizes Ethical Theories are “focusing on the right thing to achieve a good society” (p.64). The idea of this study is to measure the relation between customer perception of CSR and their ethical ideologies. Therefore, the different measurement scales of ethical theories will be discussed in order to define the most appropriate one for the sake of this study.

Measurement Scales of Ethical Approaches

There are three important measurement scales developed for ethical theories: Perceived Role of Ethics and Social Responsibility (PRESOR), Ethics Position Questionnaire (EPQ) and Attitudes toward Business Ethics Questionnaire (ATBEQ).

Perceived Role of Ethics and Social Responsibility (PRESOR)

This instrument has been developed by Kraft and Jauch (1992) and has originally sixteen Statements and is related to “differences in moral judgment, to attitudes toward contemporary social and moral issues of concern to business, to attributions of responsibility for wrongdoing” (Etheredge, 1999 p.61). It measures the importance of ethics and social responsibility in order to fulfill long-term organizational effectiveness. (Vitell et al., 2003)

The studies in the literature that has used PRESOR as a measurement scale has mainly focused on relating the other measurement scales with PRESOR. For instance, a study has been carried out by Shafer et al, (2007) using Hofstede’s (1991) typology; (1) individualism/collectivism, (2) uncertainty avoidance, (3) power distance, and (4) masculinity/femininity and (5) Confucian dynamism addition to Hofstede. Singhapakdi’s (1996) PRESOR is used as the second measurement tool to focus on the cultural differences of China and the west and the effects of China’s transition to a market economy. The authors had total of thirteen statements; five for stockholder view and 8 for stakeholder view. During the measuring stage, the items for the stockholder view are

reversely scored. The research has proved that PRESOR scale is a good measurement for integrating the personal values with CSR in the focus of organizational effectiveness.

The other examples of using PRESOR as a measuring instrument and its relation with the other measurement scales in the literature will be given under “Examples of the usage of EPQ in the Literature” section.

As the focus of this study is to evaluate the customer perceptions of bank’s CSR activities and PRESOR measures the organizational effectiveness, PRESOR does not answer the needs of this study.

Attitudes Towards Business Ethics Questionnaire (ATBEQ)

This is a thirty-item measurement scale has been developed by Neumann and Reichel (1987 as cited in Preble and Reichel, 1988) to measure business ethics based on the philosophies such as Social Darwinism, Machiavellianism, Objectivism, and Ethical Relativism (Meising and Preble, 1985). ATBEQ has been used firstly by Preble and Reichel (1988) to compare American and Israeli Management students, then, Small (1992) compared Australian students with the students in Preble and Reichel’s (1988) study. Sims and Gegez added Turkey to the sample by 2004.

The scale is used to compare the country/cultural attitudes towards business ethics; therefore, it does not serve the need of this study.

Ethics Position Questionnaire (EPQ)

The most well known study that has been carried out for the comparison for idealism and relativism is Forsyth's (1980) Ethics Position Questionnaire (EPQ). As EPQ focuses on the degree of idealism and relativism, before, describing the development of the scale, the explanations of idealism and relativism concepts will be provided.

Idealism

Idealism is the degree to which an individual is concerned for others and takes those actions which cause no harm to others (Forsyth, 1992). Based on the idea harming others is universally wrong, idealists act in the line of avoiding the harm against the other individuals even in the urgencies (Henle et al., 2005). Idealists care about the others and thus, they try to generate positive outcomes that benefits all the parties involved (Forsyth, 1992). Henle et al. (2005) state that idealist believe that desirable outcomes may only occur if moral actions are engaged.

Gilligan's (1982) 'ethic of caring', is based on "hurting someone is selfish and immoral" (p.73) and "when individuals adopt an ethic of caring, they base their judgments and actions on their relationships with, and responsibilities to other responsibilities" (Forsyth, 1992 p.244). Ethic of caring also points out to improve the well-being of others or prevent harm against them, depress the burden, hurt or suffering among them (Lyons, 1983). Hence, 'Ethic of caring' and Forsyth's (1980) 'idealism' concepts can be considered to be similar (Forsyth, 1992). Individuals who seem to adopt

the ethic of caring principle care for their responsibilities among other individuals and make their judgments according to them (Forsyth et al. 1988). Therefore, idealists are more reliable to fulfill charitable actions (Forsyth, 1992).

Based on the arguments on the idealists being other-centered, altruistic and unselfish (Forsyth, 1992; Park, 2005) and having ability to develop empathy and adopt the views of others (Davis, 2001); the previous research studies suggest that idealists hold positive attitudes toward CSR practices (Etheredge, 1999 and Singhapakdi et al., 1996).

Relativism

Relativism is the degree to which universal moral principles are avoided during decision making (Forsyth, 1992). They point out that there are different ways to see morality and therefore, it cannot be shaped by the standard ethical principles (Etheredge, 1999).

Relativists are claimed to make individual judgments according to the circumstances instead of focusing on the general moral principles (Forsyth, 1992). They are claimed to generate their own judgments and define their own rules, needs or desires for specific situations (Kolodinsky, 2010). Therefore, a typical relativist will justify a reasonable decision making process and choose the most satisfying alternative outcome (Forsyth, 1992). Contrary to idealism concept, relativists most commonly care about others whenever they feel positive; hence, relativism is negatively correlated with ethic of caring principle (Forsyth et al., 1988).

“Those who are idealistic in their moral orientation insist that one must always avoid harming others, whereas non-idealists assume that harm will sometimes be necessary to produce good” (Forsyth, 1992 p.244). Idealists assume that good attitude can be obtained, whereas, relativists assumes “good is always mixed with bad” (Davis et al., 2001).

Due to the contrast between relativism and idealism, relativism is claimed to have less positive relationship with CSR (Singhapakdi et al., 1996). Actually, relativists believe in the importance of ethics and social responsibility and they are agreed to support social responsibility only if competitiveness, profitability, survival and efficiency would be sustained (Etheredge, 1999).

Relativism shows opposite results with idealism also in the other fields. While Davis et al. (2001) have found idealism to have positive and relativism to have negative relations with empathy and ability to adopt the views of others. In addition, due to the opposition among relativism and idealism, it can be thought that relativists don't care about the others (Kolodinsky et al., 2001). It should be understood that relativists act according to the circumstances, but this doesn't mean that they will harm the others while they choose the best alternative for themselves (Kolodinsky et al., 2001).

To summarize, the differences between idealism and relativism are shaped around “moral judgment, attitudes toward contemporary moral issues, attributions of responsibility for wrong-doing, judgments of the ethics of behavioral research, resistance to moral temptations, and the ethics of responsibility and caring” (Etheredge, 1999 p.53). Table 2 presents a summary of the idealism and relativism definitions existed in the literature.

EPQ basically has two scales: one to measure idealism, the second to measure relativism. In order to form the final version of the scale, Forsyth has started with fifty-five items and tested these on sixty-five students. Regarding the results of item and factor analysis, he has decreased the idealism statements to fourteen questions and relativism to thirteen. He has tested these new statements on 462 students on a nine-point scale. Item analyses results were used in order to delete the items that have reduced the internal consistency of the scales. The final version of the scale is formed by twenty attitude statements; ten for idealism and ten for relativism. The advantage of the EPQ gives the opportunity to the researchers to evaluate the individuals differing on contemporary moral issues and their moral judgments.

EPQ “assesses degree of idealism and rejection of universal moral rules in favor of relativism, was developed to measure the extent to which individuals adopt..” (p.175) the following ethical ideologies (see Table 3) such as situationism, absolutism, subjectivism and exceptionism. In Table 3, both relativism and idealism have been divided as high and low columns. Each category of the taxonomy have been placed under these low and high classifications regarding the attitude of the individuals. The four categories of ethical ideologies are:

(1) Situationism, rejects moral rules: advocates individualistic analysis of each act in each situation; relativistic (Forsyth, 1980, p.176). Individuals who value universal moral principles (lead to high idealism) but at the same time, have positive intentions to benefit all parties involved (lead to high idealism) (Forsyth, 1992, p.462).

Table 2. Summary of Idealism and Relativism Definitions

Ideology	Definition
Relativism	<ul style="list-style-type: none"> - Moral and universal principles are avoided during decision making (Forsyth, 1992) - Make individual judgments according to the circumstances (Forsyth, 1992) - Generate their own judgments, define their own rules and needs (Kolodinsky, 2010) - Choose most alternative satisfying outcome for herself/himself (Forsyth, 1992) - Agree with ethics and social responsibility if competitiveness, profitability, survival and efficiency would be sustained. (Etheredge, 1999)
Idealism	<ul style="list-style-type: none"> - Concern for others and take actions cause no harm to others (Forsyth, 1992) - Positive outcome for all parties involved (Forsyth, 1992) - Ethic of caring – hurting someone is selfish and immoral (Gilligan, 1982; Henle et al., 2005) - Other-centered, altruistic and unselfish (Forsyth, 1992; Park, 2005) - Empathy, ability to adopt the views of others (Davis, 2001) - Suggested to have more positive attitudes towards CSR (Etheredge, 1999; Singhapakdi et al., 1996) - Agree more to fulfill charitable actions (Forsyth, 1992)

(2) Absolutism, supports the best outcome is reached by universal moral rules (Forsyth, 1980, p.176). These individuals seek to create positive consequences (high idealism) but on the other hand, try to keep up with the universal moral principles (low relativism) (Forsyth, 1992).

(3) Subjectivism, supports moral judgments should depend on one’s own personal values rather than universal principles (Forsyth, 1980, p.176). These individuals “reject moral rules (high relativism) however, positive about the possibility of achieving positive outcomes for everyone concerned (low idealism)” (Forsyth, 1992, p.463).

(4) Exceptionism, some judgments can be made by moral absolutes but there are exceptions (Forsyth, 1980, p.176). These individuals agree with moral philosophies but

“they do not believe that harm can be avoided, that innocent people can always be protected, or that risking others’ welfare is always wrong” (Forsyth, 1992, p.463)

Table 3. Taxonomy of Ethical Ideologies

		Relativism	
		High	Low
Idealism	High	Situationist	Absolutists
	Low	Subjectivists	Exceptionists

Adopted from: Forsyth (1980 p.176) A taxonomy of ethical ideologies

Use of EPQ in the Literature

There are different examples in the literature that have studied the relation of CSR practices regarding its relation to Ethical Theories. For instance; Singhapakdi et al. (1996) have used Perceived Role of Ethics and Social Responsibility (PRESOR) developed by Kraft and Jauch (1992) to reflect the different dimensions of ethics and social responsibility to measure the overall organizational effectiveness. The authors have focused on the relation between PRESOR, EPQ scales and four-item Socially responsible Attitudes scale developed by Hunt, Kieker and Chonko (1990) to measure: (1) social responsibility and profitability, (2) long term gains, (3) short term gains and these measures are tested through personal moral philosophies (idealism versus relativism), ethical ideologies, and Hunt’s (1980) socially responsible attitudes. PRESOR can be a good measurement if it is supported by statements that measure the corporate social performance. The results have shown that PRESOR’s all three dimensions are positively correlated with Hunt et al.’s (1990) Socially Responsible

Attitudes scale whereas it is negatively correlated with Forsyth's (1980) EPQ scale.

Only idealism appeared to be positively correlated with 'long-term gains' dimension.

Another study was carried out by Kolodinsky et al (2010). The authors have run their research on 298 business students and based their hypothesis on idealism, relativism, materialism and spirituality. The authors have used Forsyth's (1980) Ethical Position Questionnaire for idealism and relativism; Singhapakdi et al.'s (1996) 13-item attitude for spirituality, and Richins and Dawson's (1992) 18-item materialism scale. They have found that the business students in the sample had favorable attitude toward CSR if they are idealistic. Students with ethically relativistic views don't favorably believe CSR was important, supporting Singhapakdi et al.'s (1996) previous findings. Therefore, it is shown that relativism is negatively related to CSR. Materialist students weren't comfortable with business having socially responsible roles. Spirituality wasn't significantly related to CSR attitudes.

Etheredge's (1999) study has focused on measuring the organization effectiveness and the measurement scale has been developed on the relation between Perceived Role of Ethics and Social Responsibility (PRESOR), Ethics Position Questionnaire (EPQ) and Attitudes toward Business Ethics Questionnaire (ATBEQ). EPQ has been used for the validation of the original scale, whereas, ATBEQ has been used to create ethical philosophy subscales. The results have shown that EPQ relativism has significant relation with PRESOR scales.

Henle et al. (2005) have used Forsyth's (1980) EPQ in order to measure the relation between idealism, relativism and employee workplace deviance. The results have shown that the ethical ideologies of the employees affect the workplace deviance.

In contrast to the researcher expectations, idealism appeared to have negative relations with the organizational and interpersonal deviance while relativism is not related to neither of them.

To sum up, Ethical Theories are taken into consideration because it has been suggested that the business and society relation is shaped by ethical values and companies need to consider social responsibilities as an 'ethical obligation' (Garriga and Melé, 2004)

This study is based on stakeholder theory of CSR but measures only one element of the stakeholder; customer. The customer evaluation of CSR and the customer attitude towards ethical ideologies will be analyzed. The customers that are addressed in this study are selected among the bank customers. Therefore, Chapter 3 will explain the Turkish Banking Environment and the attitude of the banks towards CSR practices.

CHAPTER 3

CSR AND THE TURKISH BANKING SECTOR

As discussed in the previous chapters, CSR concept gained popularity all around the world. Banking sector has been selected as the focus of this study because of its volatile environment and its openness to the global influence and changes. Due to its nature, banks should work closely with the government, and as stated before, one of the main drivers of CSR is to support the government by addressing the social needs of the society. Being directly linked to the governments leads the banks to have a reporting system of their spending. Again, banks closely work with their customers, nevertheless, all individuals engage with bank services. Whereas purchasing a good from the supermarket leads indirect relation between the customer and the brand, bank customers has direct relation with the bank since they need to at least go to a bank once in order to open a bank account. Considering all these facts, banking sector has been a tempting sector for the sake of this study. This chapter will give an overview of the status of the banking sector after 2000s and CSR practices in the Turkish Banking Sector.

The Turkish Banking Sector in 2000s

Financial stability and strong economy are the top priorities for both developed and developing economies. Since 2000, Turkey seems to achieve macroeconomic stability through reducing the role of the state in the economy by regulating the financial industry, establishing the independence of Central Bank, and reducing inflation (Ararat and Gocenoglu, 2005). Since the banking industry is seen as the engine of the economy,

the stability of the banking sector is the most essential element of the financial stability (Yayla et al., 2008). If we take a look at the brief history of the Turkish banking industry from 1980s, it has shown a rapid growth with 1980s and integrated with the international financial systems with the liberalization policies. From then on, Turkey has welcomed numerous numbers of foreign investment and private banks. Like the other emerging economies, due to its vulnerable environment, the Turkish Banking Sector has experienced crises like that of East Asian Economic Crises.

The banking industry is open to the influence of both national and international economic arenas (Gunay, 2004). Therefore, one of the main reasons behind the crisis is seen as the disputes among the coalition parties on the structural reforms and the privatization policies are also seen as another reason for the delay of the reforms (Ozutku, 2003). The external reasons were the sharp rise in the oil prices, the deterioration of euro against dollar affected the current account deficit of Turkey externally and internal reason was the poor banking practices (Gunay and Tektas, 2006). Turkish banks have had excess credit sources borrowed internationally to lend to Turkish government with higher interest rates (Ozutku, 2003; Yayla et al, 2008). Unfortunately, the banks were trying to save themselves while they were violating the resources of Turkish government. Due to the Turkish Lira liquidity crises, the Banking Regulation and Supervision Agency (BRSA) has been established in order to strength the private banking and legal regulatory environment (Ozutku, 2003), and the control of some banks has been transferred to Savings Deposit Insurance Fund (SDIF) on November 17th, 2000 (Ozutku, 2003, BAT, 2009). By the end of 2002, 21 banks were taken over by the SDIF (Yayla et al., 2008).

The crises are followed by a banking reform and numerous number of privatization of state enterprises (Ozutku, 2003; Gunay, 2004). The goal of the program was to strengthen private banking and legal and regulatory environment of the banking sector (Yayla et al., 2008). Besides the program, sector has continuously witnessed significant changes with the entrance of new foreign banks, mergers of banks (Gunay, 2004). Also, the government has introduced a three-year disinflation program under IMF to eliminate the imbalances in the economy (Gunay and Tektas, 2006).

The emerging economies are more vulnerable to banking scandals such as Turkey has experienced with Uzan family (Hortacsu and Gunay, 2008). The problem with these kinds of frauds is that the customer confidence to the whole sector is destroyed. Therefore, the banking crisis of 1994, November 2000 and February 2001 were inevitable in the eyes of customer confidence (Hortacsu and Gunay, 2008).

As a result, 2000 and 2001 crises have caused the Turkish Banking Sector to transform into a more transparent and non-politicized banking environment and upgrade the regulatory structure to European Union (EU) standards (Steinherr et al., 2004). The favorable national and international environment of the economy has lead to growth rates and the accession process has welcomed the capital flows to the sector and increased the number of franchise banks in Turkey (Yayla et al., 2008). As the efforts of Central Bank and CRSA have shown, the industry has grown stronger through 2002 to 2008 and is successfully dealing with the current global crises (BAT, 2009).

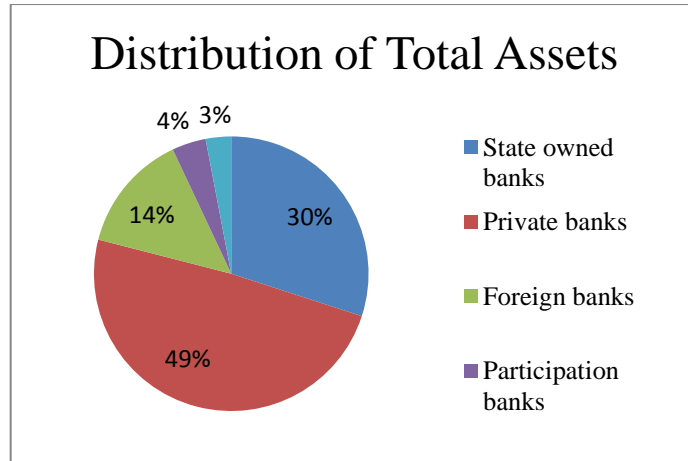
The more liberal the financial environment of Turkey has become through structural developments, the more the banking sector has developed itself. The quality of the products and services are increased with a rapid growth potential (UNDP Report,

2008). Supporting Global Compact initiatives, relating to the banking sector, UNDP also runs Microfinance Sector Development projects to reduce the overall poverty in Turkey (UNDP Report, 2008).

Similar to other sectors, banking sector is also needed to go through a regulation process due to the application process to EU. In this process, the advantages of Turkish banking industry are the qualified human resources, high technological development, and a developed branch network and therefore, the banking sector is claimed to witness a reasonable growing potential (Kunduraci, 2004). Even though, the banking sector has 90% share within the Turkish financial sector, the total size of the assets is behind that of EU countries. The main economic indicators of the Turkish Banking Sector, as of January 4, 2010 is: the size of the assets reached to 803 billion 798 million Turkish Lira by November, 2009, and the interest of the sector for eleven months is increased by 44% and reached up to 18 billion 784 million Turkish Lira (BRSA).

Figure 7 shows the distribution of the total assets among the different group of banks. Regarding to the figure, private owned banks hold 49% of the total assets and they have been followed by state owned banks by 30%, foreign banks by 14%.

To sum up, the struggle in the banking environment has shown how important the sector is for the economic dynamics of Turkey. The sector has become stronger throughout the years and increased its effectiveness on the economy. As the focus of this study is CSR practices of the banks, CSR practices of the banks active in Turkey will be discussed in the following section



Source: The Banks of Association “The Financial System and Banking Sector in Turkey Report, October 2009)

Figure 7. Distribution of total assets in Turkish banking industry

CSR in the Turkish Banking Sector

Before going into the details of the CSR in the Turkish Banking Sector, it is beneficial to have an overview of the CSR attitude in Turkey. The CSR concept in Turkey is most commonly described as the voluntary activities that are contributed by the companies for the good of society and natural environment (Arguden, 2001).

CSR practices in Turkey started with the *waqf* (foundation) in the Ottoman Era (UNDP Report, 2008; Ararat and Gocenoglu, 2005). CSR practices in Turkey are mostly evaluated as philanthropic in Turkey (Ertuna and Tukul, 2010) and today most of the leading companies – mostly family owned holdings - of different sectors have their own foundations to support services like education and health (UNDP Report, 2008).

“Turkey is an emerging market in the process of integration with the global markets, as part of which international principles of governance and CSR are being introduced to the local business context” (Ertuna and Tukel, 2010; p.13). CSR activities are relatively speeded up with the Turkey’s involvement process of European Union (EU) (UNDP Report, 2008; Ararat and Gocenoglu, 2005). Nowadays, more companies in Turkey try to follow the Global Compact Initiatives of United Nations (UN) on human rights, labor, the environment and anti-corruption areas and adopt sustainable and socially responsible policies.

Non-governmental organizations (NGOs) have increased their pressure on the companies in order to fulfill CSR activities (Porter and Kramer, 2006; Ararat, 2007). Even though the Turkish NGOs have also increased their activities to address CSR, unfortunately, there are only two associations in Turkey which deal with CSR directly; CSR Association of Turkey (*Türkiye Kurumsal Sosyal Sorumluluk Derneği – KSSD*) and Turkish Business Council for Sustainable Development (*İş Dünyası ve Sürdürülebilir Kalkınma Derneği – TBCSD*) (UNDP Report, 2008). Business Association for Sustainable Development is a member of the World Business Council for Sustainable Development (WBCSD) (UNDP Report, 2008). Other NGOs working for CSR in Turkey are Corporate Governance Association of Turkey (*Türkiye Kurumsal Yönetim Derneği - TKYD*), Turkey’s Ethical Values Centre (*Türkiye Etik Değerler Merkezi - TEDMER*), Private Sector Volunteers Foundation (*Özel Sektör Gönülleri Derneği - ÖSGD*), Third Sector Foundation of Turkey (*Türkiye Üçüncü Sektör Vakfı - TÜSEV*), Turkish Society for Quality (*Türkiye Kalite Derneği - KalDer*), and the Union of Chambers and Commodity Exchanges of Turkey (*Türkiye Odalar ve Borsalar Birliği*

- TOBB). However, NGOs are mostly established by the business leaders, therefore, they depend on sponsorship to survive which leads them to be dependent on these companies (UNDP Report, 2008).

The first attempt to encourage the companies to report their CSR activities (UNDP Report, 2008; Ararat and Gocenoglu, 2003) have been introduced by Capital Markets Board (CMB) which are called Corporate Governance Codes (2005), following the amendment of OECD in 2004 (Ertuna and Tukul, 2010). The stakeholder section of the principles include (1) protecting the interests of the stakeholders and respecting their legal rights, (2) participation of stakeholders in company management, (3) protection of company assets, (4) human resources policy, (5) customers and suppliers, (6) code of ethics, (7) social responsibility (Ararat and Gocenoglu, 2003). The codes are followed in the voluntary basis by the companies. However, the companies are obliged to share with the public if they are implementing the principles or not. The Board also asks the companies, which do not follow the principles, to give the reasons why they prefer not to implement the principles.

As the macroeconomic and political stability has increased in Turkey, the companies set long-term objectives and considered the adaptation of stronger CSR initiatives (Ararat and Gocenoglu, 2005; UNDP Report, 2008). Ararat and Gocenoglu (2005) have claimed that with the improvement in the financial audit and accounting standards, the establishment of banking regulatory agency for monitoring will be strong drivers of CSR in Turkey.

After having the brief overview of the CSR attitude in Turkey, the practices of the Turkish banks will be presented. CSR can be considered as a new trend in 2000s for

the Turkish markets. However, due to the bank crisis in 2001, it has taken longer for the Turkish banks to develop CSR practices. The very reason why the multinational banks have more CSR practices than the local banks is firstly, multinational companies have been the leading figures worldwide for the CSR practices. Secondly, as stated before, 2001 bank crisis has led most of the banks out of business and caused CSR practices to be postponed till the banks achieve their stable market practices.

As the local private banks in Turkey are under the control of strong family holdings, the functioning of the banks are mostly dominated by the other companies owned by the family (Demirağ and Serter, 2003; UNDP Report, 2008), thereby, the nature of the non-commercial activities and the share of the profits for these activities are controlled by the shareholders (OECD, 2006). CSR in Turkey is used especially for marketing and brand reputation. Especially, sponsorships and education scholarships are supported due to their strong contribution on the brand value (Ararat and Gocenoglu, 2005). CSR is mostly treated as an ad hoc activity in Turkey supported by philanthropic donations (UNDP Report, 2008) and not taken as an opportunity to create competitive advantage on the fields of product and service innovations, new market creations and labor rights (Ararat and Gocenoglu; 2005). However, the other CSR issues like human rights, employee participation and environmental issues still need to be improved (Ararat, 2007). Another problem in Turkey is the lack of Global Reporting Initiative (GRI) and other reporting structures on CSR (UNDP Report, 2008). Only Akbank⁸ and Industrial Development Bank of Turkey (*Türkiye Sınai Kalkınma Bankası* - TSKB)⁹

⁸ <<http://www.csrconsulting.nl/projects.asp?lang=tr>>

⁹ <<http://www.tskb.com.tr/sustain/tr/rapor.aspx>>

appear to be following GRI reporting system. Thereby, Turkey still needs the guidance of international organizations in order to form strong initiatives.

Agence Française de Développement (AFD) sees CSR investment as important as technical investment. Therefore, when they granted credit to TSKB and Halkbank in 2005 targeting SMEs, and they asked CSR initiatives to be implemented during the usage of these credits. Therefore, the credits are supported with ambitious CSR programs (UNDP Report, 2008).

International Finance Corporation (IFC) sponsored and organized a microfinance conference in Turkey following the 2001 financial crisis and addressed important issues for the commercial banks specialized in microfinance, therefore, IFC is claimed to have an indirect effect on CSR by UNDP (2008). Another organization, World Bank supports NGO projects and practices financially focusing on competitiveness and good governance.

According to the research of Ararat and Gocenoglu (2005), besides the philanthropic activities, the first examples of the CSR are implemented by the multinational companies that operate in Turkey. But as the social responsibility marketing widened through the business sectors, financial institutions realized that they should do more social investment than just to check the figures of the investors (Scholtens, 2009). Nowadays, majority of the banks active in The Turkish Banking Sector has direct links from their web pages to social responsibility activities. The other important results of Scholtens' research are: (1) Most of the banks publish very transparent sustainability report nowadays to report their CSR activities. (2) Almost all banks sponsor local communities and NGO's as social conduct. (3) The majority of the

banks offer training and education opportunities to their employees. (4) Lending money to poor (microcredit) has increased which also matches with the social responsibility attitudes of the Turkish Banks.

Before going into the details of the projects, it's important to underline the importance of banking sector for the CSR activities. CSR and its affect on society are very well known by banks. As banks provide services to almost all society, CSR activities of banks can reach very large audience. The credits that are given by the banks are essential for almost all bank customers. Therefore, banks can contribute to CSR not only by holding CSR activities themselves, but by forcing their customers to follow certain natural environment requirements in order to receive the credit they need (CSR Baseline Report, April 2010).

The trend for creating the budgets regarding the CSR practices in the Turkish banking system is to plan the CSR activities yearly. After the budget is reserved, the projects are sent to the each department lead and ask them to measure the feasibility regarding their expertise and prepare a roadway for the department as stated by CSR project coordinators of Finansbank and Citibank. It's very promising to see that the CSR practices in The Turkish Banking Sector are no longer seen as a part of the marketing communication activity. CSR practices have their own budgets and leaders. The main reason behind is that to add a CSR message in the marketing communication packages may negatively affect the understanding of the target audience.

Corporate Social Responsibility Association of Turkey (Türkiye Kurumsal Sosyal Sorumluluk Derneği - KSSD) states that "CSR applications of the banks are related with sole social responsibility projects. Even the responsible managers for CSR

present no information about basic CSR components” (CSR Turkey Baseline Report, April 2010, p.26). Most of the Turkish Banks donor money to selected NGOs in order to support their projects. The cooperation with a NGO, which focuses on specific topics, increases the efficiency and effectiveness of the project (Arguden, 2002). However, it’s always more valuable to work with the NGO itself for the mentioned project. The project coordinator of Citibank underlines that Citibank actually leads all of its projects with NGOs because NGOs know how to address the needs of the society. Citibank works with The Educational Volunteers Foundation of Turkey (Türk Eğitim Gönüllüleri Vakfi - TGEV) for Education projects and Foundation of the Support for Women Works (Kadın Emegini Değerlendirme Vakfi - KDEV) for Women Cooperatives Work Development Projects.

Banking sector has one of the most important roles in the economic and sustainable development of a country (Scholtens, 2009). CSR project coordinator of Finansbank underlines that maintaining the sustainability is the most important value in CSR. Running an honest banking service is also CSR of a bank since banking system is the engine which runs the economic system of a country properly.

SMEs are the most driven force of the Turkish economy, banks active in The Turkish Banking Sector offer microcredit to the poor for sustainable development. This can also be considered as a part of social responsibility by some scholars (Murdoch, 1999). Citibank presents Micro-Investor rewards in Turkey for the last three years within their CSR projects. The purpose of the rewards is to increase awareness and the number of micro-investors in Turkey, involving the poor in the active economic life and offer them an opportunity to use financial products and services effectively as Citibank’s CSR

project coordinator puts in to words. Citibank has donated 40 million USD dollars to the micro finance business environment in order to increase their capacities.

Crediting is another important issue in the Turkish banking system. Banks should prepare a proper environment report in order to measure the feasibility of the project. Finansbank CSR project coordinator states that the banks need to prepare a detailed environment reports for the credits they are giving, however, most of the banks present the exact same environment report for all projects without measuring the feasibility.

Similar to the world trend (Scholtens, 2009), almost all of the banks in Turkey have sponsoring programs nowadays. As discussed before, Porter and Kramer (2006) recommends that the companies should touch the CSR issues related to their business and leave the other social issues to NGOs and government, however, Turkish banks don't really follow this idea. For instance; three projects of three different banks is awarded as the top ten CSR projects of Turkey in 2005. (1) Yapi Kredi Bank is rewarded as being the sponsor of the Turkish saffron plant's commercial cultivation and genetic sources protection, while (2) Garanti Bank sponsored a project with World Wildlife Foundation (WWF) to protect the wild life of Kure Mountains, and (3) Turkish Bank Association financed health centers for medical equipment used for premature babies (Ararat and Gocenoglu, 2005).

Turkish banks are also active with sport and cultural sponsorships. Garanti Bank has been sponsoring the Turkish National Basketball team for many years, while Isbank is the major sponsor of the Turkish Chess League; Akbank is sponsoring numerous art activities such as International Istanbul Film Festival. The banks in Turkey also give

importance to scholarship programs and support hard working students to receive good education. Most of the banks sponsor TGEV and ACEV for education purposes.

As mentioned in CSR Stakeholder Approach section, employee relations within the banking sector are improved throughout the years (Scholtens, 2009). The majority of the banks operate in Turkey give importance to the qualified workforce in their mission statements. Therefore, they are aware of the nondiscrimination policies among the employees.

Globalization tackles people that they share a planet and the natural environment, thus, besides the Global Economic Crisis Global Warming also has direct influences on the financial business environment. The environmental organizations are putting a lot of pressure on the companies to increase their awareness on the Global Warming. The main reason behind Global Warming is the increase in the carbon emission levels. The concept Carbon Footprint is the measure of the impact of the daily activities such as; burning fossil fuels for electricity, heating and transportation on the natural environment.¹⁰ Therefore, environmental policies become a must to be considered under the CSR activities of the corporations. Finansbank has established a website for Carbon Footprint in Turkey; www.ekolojikayakizim.org with the help of WWF Turkey office. This website offers the users to measure their affect on natural environment so that they will be more aware of the danger they are causing. It is discovered that, customers are willing to spend more money on the natural environment friendly products. Unfortunately, as of January 2011, only Industrial Development Bank of Turkey

¹⁰< <http://www.carbonfootprint.com/carbonfootprint.html>>

(TKSB) and Turkish Economy Bank (TEB) have the international ISO 14001 Environment Management System certificate.

The natural environmental policies of the banks operating in Turkey, mostly focuses on natural environmental projects and sponsorship activities. Also most of the banks are donating money to the natural environmental NGOs. Even though, there are trials against the natural environmental policies against Garanti, it is a fact that WWF receives a reasonable amount of donation from Garanti Bank.

CHAPTER 4

EMPIRICAL RESEARCH

Several studies have been carried out in order to measure the relationship between stakeholders and CSR (Ertuna and Ertuna, 2010; Maignan and Ferrell, 2000; Lindgreen et al., 2009; Turker, 2009; Ertuna and Tukel, 2010). The studies vary on the focus, while Lindgreen et al. (2009) focused on customers, suppliers, employees, financial investors, philanthropy and environment; Turker (2009) has studied social and non-social stakeholders, employees, customers and government. The aim of this study is to focus only on one stakeholder group, customers.

Literature proposes that Ethical Ideologies and CSR are positively related. One of the most referred research in the literature which measures the relation between Ethical Ideologies and CSR has been done by Kraft and Jauch (1992). The researchers have developed PRESOR (Perceived Role of Ethics and Social Responsibility) in order to measure the organizational effectiveness with social responsibility and ethical components. Kolondinsky et al. (2010) have analyzed the relation between students' attitudes toward CSR and Ethical Ideologies. Modifying the research of Kolondinsky et al. (2010), this research focuses on the relation between the Ethical Ideologies of the customers, their evaluation of the bank's CSR and its effect on the customer satisfaction with the bank and customer perception of defining the bank as honest and trustworthy.

Lindgreen et al. (2009)'s study on the relation between stakeholders and CSR have been carried on US organizations without any focus on a specific sector Turker (2009) has focused on service, manufacturing, and agricultural sectors in her study, while Rettab et al. (2009) have carried out their study on manufacturing, training and

repairing services, hotels and restaurants, real estate, rental and business services, banking and financial services and mining and quarrying. The sector for this study has been selected as retail banking as there is a gap in the literature that's focusing on CSR practices of the banks. Also, as mentioned previously, banking sector is a tempting field for studies due to their volatility and openness to the changes in the global environment. The studies that have been carried out on the retail banking in the literature have mainly focuses on the relation between bank practices and customer satisfaction (Metawa and Almosawi, 1998; Jamal and Naser, 2002; McDonald and Thiele, 2008; Kabadayi and Ozkiris, 2011; Naser et al., 1999) not on the customer evaluation of CSR and satisfaction and other dependent variables such as perceiving CSR as profitable or the bank as honest and trustworthy.

This research proposes to measure the relation between Ethical Ideologies of customers and customer perception of CSR and customer perception of CSR and dependent variables such as overall satisfaction with the bank, perceiving the bank as honest and trustworthy, perceiving the bank as fulfilling its social responsibility, perceiving CSR as profitable, and finally, bank's promoting the usage of the Internet banking used as a proxy for natural environment protection.

Conceptual Framework

In this section theoretical frameworks and the variable groups will be explained.

Stakeholders and CSR

Primary stakeholders such as shareholders, employees, customers, suppliers and governments are the main drivers of the decision making process of the company (Garriga and Melé, 2004). Companies need to monitor the interests of these stakeholders (Garriga and Melé, 2004; Maignan and Ferrell, 2004) and create value and wealth for all mentioned stakeholders (Ararat, 2007; Clarkson, 1995). “Corporations should be serving the shareholders, who own the residual rights and thus presumably assume all the risk of the business” (Ertuna and Ertuna, 2010 p.3). Customers are the ones who define the needs and wants of the community, employees are the ones who produce the goods to address these needs and wants, and finally, managers are the decision makers to answer how to produce these needs and wants in a most sustainable way. Therefore, the CSR practices of a company are significantly dependent on the interests of the employee, customer and society at large. The studies that have measured the relation between stakeholders and CSR have focused on managers (Maignan and Ferrell, 2000), employees, customers, suppliers, financial investors (Lindgreen et al., 2009) and employees, customers, society, government, competitors, non-governmental organizations (Turker, 2009). However, there is a lack of research that has been only focusing on the customer as a stakeholder.

Customer and CSR

It has been proposed that customer loyalty is high when there is satisfaction on the customer side (Bloemer et al., 1998). Attracting customers is essential for the companies in order to survive in the competitive business environment because now the customers are more aware of the corporation activities with the help of technology. Companies need to understand the needs and wants of the customers in order to present the most efficient goods and services because the customer preferences show how powerful the customers actually are due to “the volume of purchases they make and the nature of products they buy” (Harrison and John, 1996 p.50). Consumers prefer buying goods and services from the companies which are actively involved in CSR activities (Smith and Alcorn, 1991; Barones et al., 2000; Maignan and Ferrell, 2004). Customers value trustworthy companies (Castaldo et al., 2009; Crouch, 2006). Practices that are ethical and CSR centric create loyalty of the customer (Blomer et al., 1998; Linchestein et al., 2004; Arguden, 2002). Literature also suggests that, customers evaluate CSR practices positively especially when there is a fit between the company’s CSR practices and their personal preferences (Arguden, 2002; Linchestein et al., 2004; Bhattacharya and Sen, 2004).

There are studies in the literature which have investigated the relationship between customer satisfaction and CSR (McDonald and Thiele, 2008; Manrai and Manrai, 2007; Luo and Bhattacharya, 2006). Luo and Bhattacharya (2006) have gone one step further and focused also on the relation of customer satisfaction and profitability. There is a gap in the literature that measures the relationship between

customer point of view of overall CSR and customer ethical ideologies and their affect on satisfaction, perception of the bank as honest and trustworthy and perception of CSR as profitable. While evaluating the customer CSR relationship, this study will also focus on the ethical ideology that might affect the customer evaluations.

Ethical Ideologies and CSR

Ethical Ideologies of the stakeholders are considered to affect CSR evaluation (Davis, 1967; Henle, 2005; Singhapakdi et al., 1996). One of the most important studies to measure Ethical Ideologies is Forsyth's (1980) Ethics Position Questionnaire (EPQ). Figure 8 shows the relation between Ethical Ideologies and customer's perception of bank's CSR. Idealists are described as less self-centered (Forsyth, 1992; Park, 2005) and high in empathy (Davis, 2001), thus, literature suggests that idealists hold positive attitudes toward CSR practices (Etheredge, 1999; Singhapakdi et al., 1996). On the other hand, relativists are claimed to make more self-centered decisions (Forsyth, 1992; Kolodinsky et al., 2010) and have less empathy on the others (Davis, 2001). However, relativists shouldn't be considered as not caring of others but they should be evaluated as choosing the best for their own interest (Kolodinsky et al., 2010). Therefore, it has been proposed that relativism has negative relationship with PRESOR (Singhapakdi et al., 1996).

Another measurement has been introduced by Kraft and Jauch (1992) called Perceived Role of Ethics and Social Responsibility (PRESOR) which has become another important measurement scale for the future research. Singhapakdi et al. (1996)

has used PRESOR and EPQ measurement scale in their study in order to measure the relation between Ethical Ideologies and Social Responsibility. PRESOR focuses on perceived role of ethics more than the CSR components itself whereas this study aims to measure the effect of Ethical Ideologies on CSR components.

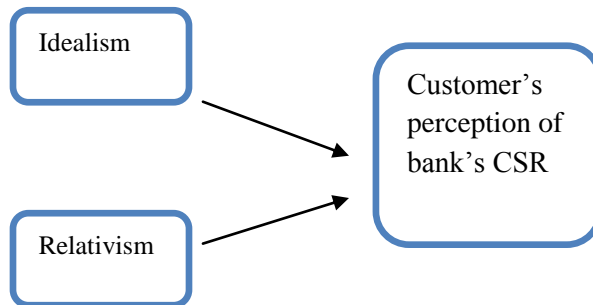


Figure 8. Relation between idealism – relativism and customer’s perception of bank’s CSR

CSR Components

CSR has motivates as suggested by literature;, natural environment, philanthropy (Lindgreen et al., 2009), economic and legal (Carroll, 1979; 1991; Geva, 2008). In addition to that, there are stakeholders that are important for CSR such as customer and employee. This study has clustered the motives with the stakeholders in order to develop the conceptual framework.

Most of the academicians (Davis, 1960; Bowie, 1991; Carroll, 1979, 1991, 1999; Katz et al., 2001; Porter and Kramer, 2006) in literature have agreed the companies in the business environment should add value to the economic conditions of the country. According to this view, the very first issue that needs to be addressed by the CSR

practices is the economic practices. In addition to that, in order for the companies to have a healthy business environment, the legal framework needs to be defined by the government laws and regulations. The business has responsibilities to government and government relies on the taxes and economic practices that are handled by the companies. Thus, legal component is another important area that needs to be covered within CSR practices. Philanthropy component, which considers the improvement of social environment, has been considered as society sustainability component in this study. In order to survive in the business world, the businesses should keep up with the developments and keep themselves sustainable. Sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). In order to have sustainability, the companies should invest on future generations. Banks should create their own sustainability path in order to keep their business going. If they address the needs of the society, they will be able to keep up their business.

Dependent Variables

CSR practices have been expected to create benefits for the companies. The previous research that have been done have shown that there is a positive relation between CSR and customer satisfaction (Luo and Bhattacharya, 2006; McDonald and Thiele, 2008). Hence, this study expects to see a positive relation with the satisfaction level of the customer working with the bank and customer’s perception of bank’s CSR. If customers don’t find their bank’s practices honest and trustworthy, they won’t deposit their savings

with that bank. According to this view, this study suggests that there is a positive correlation between customer's evaluation of CSR and perceiving the bank as honest and trustworthy.

It has been suggested that the CSR practices create financial return in the end (Quazi and O'Brien, 2000); otherwise, the companies don't want to participate. This study also tries to find if the customers perceive CSR activities as profitable. Natural environment initiatives are the most important component that has been underlined by many of the companies and banks active in the Turkish market. As an example, reducing the amount of paper spent during the bank transactions will cause a significant result on the environment protection (Global Compact, Kotler and Lee, 2005). The customers who believe their bank to be effective in the Internet banking will evaluate their banks highly on environment protection component of CSR. In summary, this research measures if the customers see their banks as overall socially responsible (Quazi and O'Brien, 2000; Turker, 2009). The components that have been used in this study are; society-sustainability, natural environment, customer and economic-legal and it has been proposed that if customer values CSR components, they perceive their bank as fulfilling its social responsibility.

Demographic Variables

Demographic variables of this study are grouped around two titles: customer related variables and bank related variables.

Customer related variables are gender, marital status, having/not having children, age, education level, university faculty and income level. This study wants to measure if

gender has an effect on the Ethical Ideologies of the customer. Similar to gender, marital status and having/not having children are also important indicators because especially the ‘caring’ of others might affect the attitude towards CSR dimensions. Age is yet another important indicator since the evaluations of the individuals may change due to their life experiences. Education level and the university faculties have also been considered in order to see the customer profile in the Turkish Banking Industry and define if they have a significant effect on the perception of CSR. Income level is also considered as the customers are expected to keep their savings in the banks.

Today customers have relatively more choices for bank services as there are fifty-one banks active in the Turkish market. Therefore, this study also considers bank related variables in order to see the customer choices for the bank services. The bank related variables that are covered in this study are the mostly worked bank, number of years the customer is working with the bank, percentage of services taken via the Internet, services taken from the bank and total number of banks the customer is working with. Firstly, the customers are asked to select the bank they have been mostly working with for the last three years. Besides that, it is also important for the sake of the study to learn how many other banks the customer is working with. This will give the insight whether or not the customer knows the bank well enough to evaluate it. The services that are taken by the customer have also been considered, the more services taken, the more customers know about the bank. Customer’s experience with the bank (how many years the customer has been working with the bank) is also important in order to measure the loyalty on the customer side. The Internet has been an environment friendly tool since it has reduced the number of paperwork within the bank itself.

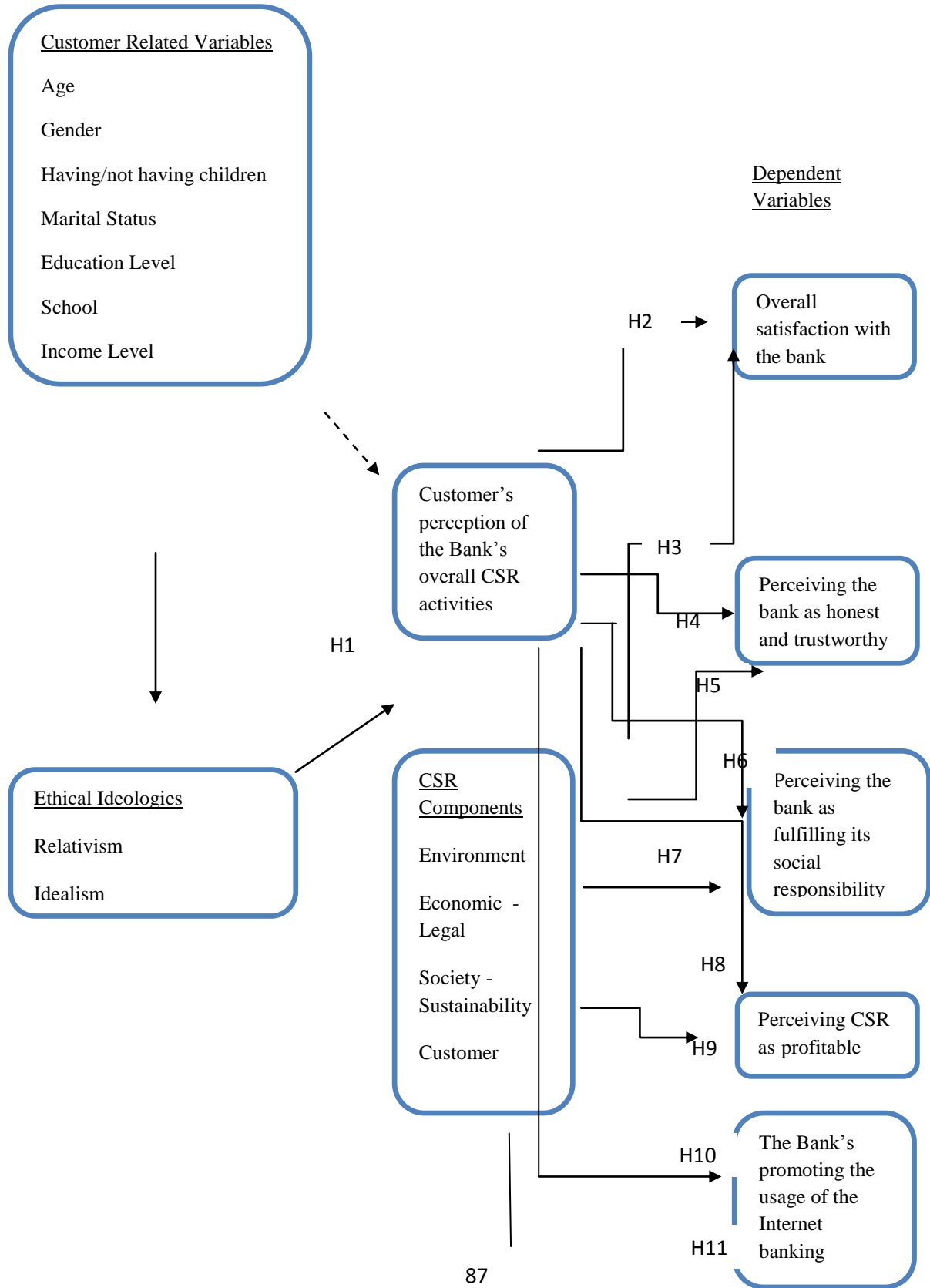
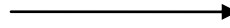


Figure 9. Conceptual framework



As presented in Figure 9, our final proposal of the research is as follows: customer related variables to have an overall effect on defining the bank's customers score on idealism and relativism. Also, a relation has been expected between Garanti Bank versus HSBC and customer's overall evaluation of CSR. Following that, hypotheses have been proposed regarding the relation between ethical ideologies and customer's perception of CSR. It has also been proposed that there is a relation between customer's perception of bank's CSR and dependent variables. The relation between the customer related variables could be measured but it hasn't been taken into the scope of this study.

Hypotheses

This study focuses on the evaluation of CSR activities of the banks from the customers' point of view. It tries to investigate the relation between the customers' understanding of the CSR activities that are run by the bank and the ethical ideologies of the customers. The study's theoretical framework covers mainly four groups of variables; demographic variables, ethical ideologies, customer perception of bank's CSR and the dependent variables which have been affected by the CSR components.

As literature has suggested, stakeholders, ethical ideologies are important for stakeholders, thereby customers, because they are people/groups which have their own interests (Garriga and Melé, 2004). Idealists are claimed to be less self-centered (Forsyth, 1992; Park, 2005), hold more positive attitude toward 'ethic of caring'

principle (Gilligan, 1982; Henle, 2005; Forsyth, 1980) and more capable to fulfill charitable actions (Forsyth, 1992) and hence, are expected to have more positive evaluations regarding CSR activities (Etheredge, 1999; Singhapakdi et al., 1996). Therefore, it is proposed that the respondents that have high idealism scores to evaluate the CSR statements more positively. On the other hand, relativists are claimed to be more self-centered and make judgments according to the conditions (Forsyth, 1992). Relativists claimed to care about others when this has a positive effect on their own interests. (Forsyth, 1988), therefore, contrary to the first hypothesis, relativists are expected to have lower scores for the CSR components.

H1: Idealist customers will have more positive evaluations regarding bank's overall CSR activities compared to relativist customers.

Overall satisfaction with the bank of the customer is important (Turker, 2009) and literature suggests that there is a positive relation between CSR and customer satisfaction (Luo and Bhattacharya, 2006; Mc Donald and Thiele, 2008). As stated before, customers would not be working with the same bank for the last three years, if they were not overall satisfied with their bank and its services since there are many options available.

H2: Customer's positive perception of the bank's overall CSR activities leads to higher levels of overall satisfaction with the bank.

In addition to H2, the relation between the CSR components and the customer satisfaction is also important. Thus, this study proposes to measure which CSR components have a significant effect with overall satisfaction with the bank.

H3: Customer's positive perception of the CSR components lead to higher levels of overall satisfaction with the bank.

Banks are the places where the customers keep all their savings. Therefore, the bank should be perceived trustworthy and honest (Scholtens, 2009) in order to have higher number of loyal customers. As CSR activities are voluntary rather than mandatory, and considered to address the needs of the society, it has been proposed that the customers who evaluate their bank's activities positively will also evaluate their banks as honest and trustworthy. Also, the CSR initiatives may lead the banks to be more transparent since they are expected to publish sustainability reports on their CSR initiatives. Therefore, this could be another approach why the customers may evaluate their bank's honest and trustworthy.

H4: Customer's positive perception of the bank's overall CSR activities leads customers to perceive the bank as more honest and trustworthy.

As CSR statements also cover components like legal, economic, natural environment, employee, customer and society; and these components cover positive attitudes toward the bank, it has been expected that the customers who evaluate their bank with higher scores to define their bank honest and trustworthy.

H5: Customer's positive perception of CSR components leads customers to perceive the bank as more honest and trustworthy.

This study also wants to analyze if the customers evaluate their banks fulfilling its social responsibilities (Quazi and O'Brien, 2000; Turker, 2009). It's logical to expect that if the customers hold positive evaluation regarding overall CSR activities, then, they will evaluate their bank as fulfilling its social responsibility. Also, this study aimed to

measure if the suggested components in the literature actually measure the CSR activities of the banks in the eyes of the customers.

H6: Customer's positive perception of the bank's overall CSR activities leads customers to perceive the bank as fulfilling social responsibility.

Bank's social responsibility initiatives cluster around the natural environment, society, sustainability, customer, economic and legal. If the customers have positive evaluations regarding these CSR components, they are expected to evaluate their bank positively on the fulfillment of the social responsibilities.

H7: Customer's positive perception of CSR components leads customers to perceive the bank as fulfilling social responsibility.

Like all the other business companies, banks should also earn money in order to stay in business. Literature suggests that CSR can actually be profitable for the companies (Luo and Bhattacharya, 2006). As Clarkson (1995) states, the companies need to fulfill the social and economic needs of the stakeholders in order to be profitable and Quazi and O'Brien (2000) suggests that addressing social problems should create a financial return for the companies in the end.

H8: Customer's positive perception of the bank's overall CSR activities leads customers to perceive CSR activities profitable.

In addition to H8, the customers are expected to hold positive evaluations regarding CSR components and therefore, evaluate CSR activities are profitable.

H9: Customer's positive perception of CSR components leads customers to perceive CSR activities profitable.

As stated before, natural environment initiatives are the ones which are easier to tackle by the companies as part of CSR activities. Bank environment is one of the businesses which have a very high amount of paper consumption. Therefore, encouraging its customers receiving bank services via the Internet is important especially for natural environment component of CSR (Kotler and Lee, 2005; Global Compact). It has been known that the Internet banking making the life of customers easy and decreases the service turnaround time on the customer side.

H10: Customer's positive perception of the bank's overall CSR activities leads customers to agree to the bank's promoting the usage of the Internet banking.

It has been also proposed that if the customers positively evaluate the CSR components, they'll also hold positive evaluations regarding bank's promoting the usage of the Internet banking.

H11: Customer's positive perception of CSR components leads customers to agree to the bank's promoting the usage of the Internet banking.

Research Methodology

This section will detail the research methodology and mainly focus on scale development. Under scale development section, exploratory study and its findings, items that are adopted from the literature, finalization of the measuring instrument and sampling procedure will be discussed.

Scale Development

In the scale development phase of the study, an exploratory study has been done through the use of in-depth interviews and adaption of the items from the literature. Following these two methods, the measuring instrument has been finalized.

Exploratory Study

The very first step of the research is the scale development. Scale development is needed in order to decide how to measure the variables in the theoretical framework.

Two methods have been used in this study: (1) in-depth interviews and (2) identification of scales used in previous studies through literature survey. Earlier studies that have been done on the different sectors have been adopted to measure the customers' perception of CSR in the Turkish Banking Sector. Also in-depth interviews have been done with Turkey's top two bank's CSR project managers; Pelin Hizal Smines (Finansbank) and Pinar Islak (Citibank) and the project coordinator of the one of the most important NGOs (Corporate Volunteer Association - *Özel Sektör Gönüllüleri Derneği*); Basak Guclu. The purpose of the interviews was to identify whether or not all the variables that are effective in The Turkish Banking Sector are covered in the

generated items of CSR. The answers of these questions lead to scale development and to better interpret the findings of the study.

In-depth interview was designed in two ways: 1) the personal opinion of the bank/NGO project coordinator regarding CSR, and 2) bank/NGO's opinion regarding CSR. The questions that covered under personal opinion are:

- The meaning of CSR
- Whether the banks should have CSR practices or not
- The boundaries of CSR activities.

Under the bank/NGO's opinion regarding CSR, the respondents were asked to provide information on their bank/NGO:

- The meaning of CSR according to their bank/NGO
- The boundaries of their bank's/NGO's CSR activities
- The decision making body of CSR activities within the bank/NGO,
- Criteria considered for CSR activities
- The planning stage of CSR budgets
- The most important CSR activities by the bank/NGO

Findings of Exploratory Study

In the personal opinion questions, the project coordinators of Finansbank and Citibank focused on the CSR definitions of their banks instead of their own definitions, the project coordinator of Corporate Volunteer Association (*Özel Sektör Gönüllüleri*

Derneği), on the other hand, has divided overall social responsibility into two topics as: corporate social responsibility and social responsibility. The NGO coordinator has differentiated CSR from social responsibility because CSR covers internal components such as employee, tax (legal procedures), and natural environment care, whereas, social responsibility addresses activities such as culture, art, women, and education. Regarding the bank related questions, the CSR project coordinators of two banks, have emphasized that they are trying to address all CSR components (employee, customer, legal, economic, society, natural environment, sustainability).

Finansbank's project coordinator has underlined that Finansbank mainly focuses its CSR initiatives on natural environment. They try to reduce negative effect of credit offering on the natural environment component. Offering credits is one of the activities that are essential for the banks in order to increase the number of their loyal customers. While offering credits, it's mandatory to present natural environment evaluation report in order to show whether that investment has a negative effect on the natural environment or not. Finansbank especially underlines the importance of this report and if the analysis of investment shows a negative effect on natural environment, the credit is not provided to the customer. In addition to this, Finansbank has run a natural environment contest among their employees in order to decrease the unnecessary usage of electricity and water, which has encouraged the employees to increase awareness in their own houses and people around them. Besides that, Finansbank provides educational scholarships for the students who are in need. It partners up with an NGO (Mother Child Education Foundation - *Anne Çocuk Eğitim Vakfı*) in order to target the students in need. Another important CSR activity that has been held by Finansbank is

the campaign towards credit card users in order to increase the effectiveness and awareness on money spending.

Citibank addresses mainly four issues under CSR practices; environmental sustainability, citizenship, stakeholder return and human rights. Citibank has its own CSR foundation, Citi Foundation to support its CSR activities. This foundation receives a specific amount from Citibank every year just for CSR activities. Citibank works very closely with Corporate Volunteer Association (*Özel Sektör Gönüllüleri Derneği*). One of the recent activities that they have been addressing together is to answer the needs of the students that study in the schools around Citibank branches. Citibank supports entrepreneurship and has invested more than 40 million dollars for micro finance environment. Citibank values women centric CSR initiatives and encourages women by offering credits in the scope of bank's CSR activities. Contests among women entrepreneurs who have received these credits have been held and this has increased the awareness on both women and entrepreneurship.

Corporate Volunteer Association (*Özel Sektör Gönüllüleri Derneği*) is a non-governmental (NGO) and non-profit organization which was founded in 2002 in order to help establish corporate employee volunteering in the corporate cultures. The NGO we have contacted has been working very closely with Garanti Bank, Yapi Kredi Bank, Citibank and HSBC, therefore, knows the dynamics of the bank environment very closely. The project coordinator of the organization has mentioned that the attitude in the Turkish market towards CSR activities focus on the areas addressed by Garanti, Yapi Kredi, HSBC Banks and Citibank. For instance, HSBC and Citibank focus on offering credits because that's one of the most visible services that have been presented by the

banks. In addition to the points that have been underlined by the coordinators of Finansbank and Citibank, the project coordinator of the NGO has stated that the number of CSR projects increase and that it is also important for the banks to provide volunteers (man power) to the projects so that the projects become more sustainable.

Summary of the findings of the in-depth survey can be found in Table 4.

Table 4. Summary of In-Depth Survey Findings

Bank/NGO	Important Points
Finansbank	<ul style="list-style-type: none"> * Mainly focus on natural environment component of CSR * Natural environment contest among employees for efficient use of resources * Offering credits in order to increase loyalty * Scholarships to students * Partner up with NGOs for CSR projects
Citibank	<ul style="list-style-type: none"> * Focus on: Environmental sustainability, citizenship, stakeholder return, human rights * Citi Foundation has been established to address CSR activities. * Partners up with Corporate Volunteer Association for CSR projects * Support to students in need * Support to entrepreneurship * Support to women to increase their participation in business environment
Corporate Volunteer Association	<ul style="list-style-type: none"> * CSR is different than social responsibility. * Volunteer work (from man power) is also needed as much as financial support *Credit offering are mostly adressed by Turkish banks

Items from the literature

Several measurement scales for CSR practices among the different stakeholder approaches have been used in various studies in the literature (see Table 4). Stakeholder Management approach is listed under the Integrative Theories which correlates the social needs with the business practices. Research of Carroll (1979, 1991, 1999); Geva (2008); Lindgreen et al. (2009) have been used in order to define the CSR components

of the study (Economic, legal, society, sustainability, customer, and natural environment). In addition to that, research that have studied the relation between stakeholders and CSR components (Turker, 2009; Lindgreen et al., 2009) and Scholtens' (2009) study on the banking sector have been studied in order to finalize the CSR statements for the questionnaire.

Finalization of measuring instrument

Keeping in mind the dynamics in the Turkish Banking Industry that has been underlined by the three in-depth interviews, the questions regarding customer's perception of bank's CSR taken from the literature are adapted to Turkish banking industry customers (Turker, 2009; Rettab et al., 2009; Quazi and O'Brien, 2000; Murdoch, 1999; Ararat and Gucenoglu, 2005; Scholtens, 2009; Carroll, 1979; Lindgreen et al., 2009; Wood, 1991). Respondents are first asked the name of the bank that they have been mostly working with. Respondents needed to be working mostly with Garanti or HSBC Banks in the last three years in order to be qualified as a respondent. Qualified respondents are, then, asked to evaluate the overall CSR practices of their bank.

The components of CSR (environment, economic, legal, customer, society, sustainability) are covered in the first section of the survey (27 questions). Customers are asked to indicate their degree of agreement or disagreement with each of these CSR statements on a 5-point Likert scale (see Table 5).

In addition to that five dependent variables has been introduced in the first section of the questionnaire: in order to measure the effect of CSR components on overall satisfaction with the bank, perceiving the bank as honest and trustworthy, bank's

Table 5. Customer's Perception of Bank's CSR Components

Comp.	Question	References
Customer	Customer satisfaction is significantly important for my bank.	Turker 2009
	My bank modifies its practices based on the complaints and feedbacks received from its customers.	Turker 2009
	My bank provides high quality of service to all its customers.	Rettab et al. 2009
	My bank fully informs its customers for the legal changes in the banking procedures.	Turker 2009
	My bank updates its customer database regularly in order to develop special offers for each customer.	Turker 2009
	My bank, when necessary, partners up with its competitors to provide better services.	Turker 2009
Economic-Legal	I expect my bank to contribute to sustainable economic growth of Turkey.	Quazi & O'Brien, 2000
	My bank offers credits to SMEs.	Murdoch, 1999
	My bank offers microcredits to the small sized entrepreneurs.	Ararat and Gocenoglu, 2005; Scholtens, 2009
	My bank acts legally in all matters.	Carroll, 1979
	My bank avoids unfair competition.	Turker, 2009
	My bank contributes to economic development.	Lindgreen et al. , 2009
	My bank invests to increase employment opportunities.	Turker, 2009
Society & Sustainability	My bank shows responsibilities to society other than making profit.	Quazi & O'Brien, 2000
	My bank helps the government with social responsibility projects.	Carroll 1979, Wood 1991
	EU accession process has enhanced my bank's social responsibility activities.	UNDP Report, 2008; Ararat and Gocenoglu, 2005
	My bank supports education.	Lindgreen et al. , 2009
	My bank allocates significant amount of money for the social responsibility programs.	Quazi and O'Brien, 2000; Lindgreen et al. , 2009
	My bank supports artistic and cultural activities.	Lindgreen et al. , 2009
	My bank supports sport activities.	Lindgreen et al. , 2009
	My bank provides support for charities.	Turker, 2009; Lindgreen et al., 2009
	My bank partners up with NGOs for run social responsibility projects.	Scholtens, 2009
	My bank aims to provide a better world for future generations.	Turker, 2009
	My bank cares about its employees' and aims to improve life standards.	Turker, 2009

Natural Environment	My bank encourages environment friendly financial products. (e.g. use less PVC for ATM and credit cards.)	Garanti Bank
	My bank supports initiatives for environmental protection.	Lindgreen et al. , 2009
	My bank develops projects to reduce its negative impact on environment.	Turker, 2009; Global Compact

promoting the usage of the Internet banking, perceiving the bank as fulfilling its social responsibility and perceiving CSR as profitable (see Table 6).

This study aims to measure the effect of ethical ideologies of the customer on his/her CSR evaluations. The Ethics Position Questionnaire (EPQ) that has been developed by Forsyth (1980) will be used in this study to mainly determine whether the customers are idealist or relativist (see Table 7). The respondents are asked to evaluate their degree of agreement/disagreement of each statement on a 5-point Likert scale.

Table 6. Dependent Variables

Question	References
My bank fulfills its social responsibilities.	Quazi & O'Brien, 2000; Turker, 2009
Overall, I am satisfied with my bank.	
My bank encourages its customers to use the Internet banking.	Kotler and Lee, 2005; Global Compact
Contributing to social problems has a positive impact on the profitability of my bank.	Quazi & O'Brien, 2000; Luo & Bhattacharya, 2006
I define my bank as a trustworthy and honest corporation.	Turker, 2009; Hortacsu and Gunay, 2008; Scholtens, 2009

Figure 10 shows the summary of the scale development process. Following the in-depth interviews, the questions on the literature has been adapted and finalized. A pilot study has been done on five respondents in order to receive feedback whether or not the questions are clear and understandable. Regarding the feedback from the surveyors, some revisions have taken place. The question regarding the banks promoting the natural environment friendly products were not very clear therefore “eg. use less PVC for

ATM/credit cards” has been added to the statement. “Code of ethics” within the “There are no ethical principles that are so important that they should be a part of any code of ethics.” statement was translated as “ethic document” in the Turkish version. After updating the questionnaire regarding the responses of the pilot survey, the questionnaire has been finalized and e-mailed to the respondents.

Table 7. Ethics Position Questionnaire (EPQ) – Forsyth (1980)

Ideology	Question
Idealism	A person should make certain that their actions never intentionally harm another even to a small degree.
	Risks to another should never be tolerated. Irrespective of how small the risks might be.
	The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.
	One should never psychologically or physically harm another person.
	One should not perform an action which might in any way threaten the dignity and welfare of another individual.
	If an action could harm an innocent other, then it should not be done.
	Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.
	The dignity and welfare of people should be the most important concern in any society.
	It is never necessary to sacrifice the welfare of others.
Moral actions are those which closely match ideals of the most “perfect” action.	
Relativism	There are no ethical principles that are so important that they should be a part of any code of ethics.
	What is ethical varies from one situation and society to another.
	Moral standards should be seen as being individualistic; what one person considers to be moral maybe judged to be immoral by another person.
	Different types of moralities cannot be compared as to “rightness”.
	Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.
	Moral standards are simply personal rules which indicate how a person should behave, and are not to be applied in making judgments of others.
	Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.
Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.	

	No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation.
	Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.

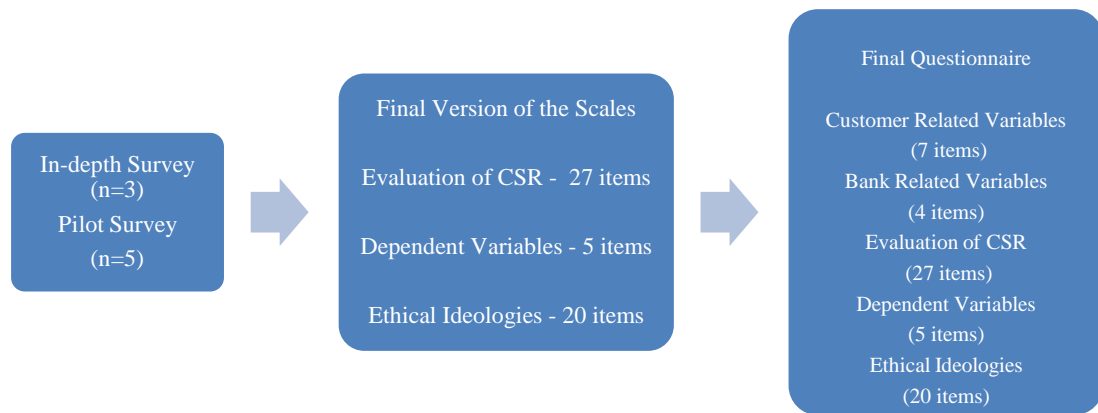


Figure 10. Scale development process

Sample Selection Process

As described earlier, the respondents first asked to answer the qualifying question: the bank they have been working with. For this study, Garanti and HSBC banks were selected. In this section, procedure of bank's selection will be given and then it will be discussed why Garanti and HSBC banks are selected.

Procedure of Bank Selection among the Banks Active in the Turkish Banking Sector

CSR contributions of the firms can be measured by three different methods according to Abbott and Menson (1979);

(1) Social Accounting – add categories to firms accounting system to fulfill social needs.

However, it's difficult to formulize a method to measure such activities.

(2) Reputational Scales – collecting information from the staff or customers. The difficulty of this method is that the respondents should have detailed information about the corporations. Another difficulty is the method limits the number of the corporations to be sampled.

(3) Content Analysis of Corporate Publications – includes sources such as annual reports, personnel handbooks, and employee newspapers

For the purpose of this study, procedure of bank's selection is used to have a better view of the banks active in Turkey on the available data on the bank websites. However, there were some limitations for this study because not all the banks were publicly traded. Four criteria have been defined for this research, 1) Is CSR mentioned in the bank's mission statement, 2) Is CSR mentioned in the bank's vision statement, 3) Are the CSR activities explained on the website, and 4) Are CSR activities mentioned in media bulletins and/or annual reports.

During the research the banks active in Turkey are divided into seven groups such as; commercial foreign banks, local private banks, non-interest participation banks, government banks, foreign investment banks, private investment banks, and government investment banks (see Table 8). Development Bank of Turkey (*Türkiye Kalkınma Bankası*) and Turkey Industrial Development Bank (*Türkiye Sınai Kalkınma Bankası*) appears to take the lead in the CSR activities, since they satisfy all the four points. The

commercial foreign banks and local private banks appear to be the leading figures of CSR activities in The Turkish Banking Sector. Five out of seven commercial foreign banks that are active in Turkey, cover their CSR practices on their annual reports and/or media bulletins, whereas, this number appears to be nine out of sixteen for local private banks. Five of the commercial foreign banks and eight of local private banks prefer to explain their CSR activities on their websites. Only one bank among commercial foreign banks and three among local private banks underline CSR in their mission statement. Unfortunately, neither commercial foreign banks nor local private banks mention CSR in their vision statement. Among non-interest participation banks, only one bank (Kuveyt Turk) has mentioned CSR in their mission statement, only Bank Asya, Albaraka Turk and Kuveyt Turk explained their CSR activities on their websites. Bank Asya and Albaraka Turk have mentioned their CSR activities in their media bulletins and/or annual reports. The procedure of bank's selection shows that government banks also address CSR. Ziraat Bankası and Halkbank have mentioned it in their mission statements. Halkbank and Vakıfbank explained CSR activities on their websites. All three government banks have mentioned CSR activities in media bulletins and/or manual reports. Foreign investment banks appear to have global practices instead of specific local practice just for Turkey. Among the private investment banks, only Turkey Industrial Development Bank (*Türkiye Sınai Kalkınma Bankası*) seems to have CSR practices. They appear to respond positively to all four variables (Please see Appendix 1 for the detailed analysis of the share for the banks in the Turkish Market).

Table 8. Procedure of Bank's Selection among the Banks Active in Turkish Market

	Name of the Bank	CSR mentioned in the mission statement	CSR mentioned in the vision statement	CSR activities explained on Website	CSR activities mentioned in media bulletins and/or annual reports
Commercial Foreign Banks	A&T Bank	n/a	n/a	n/a	n/a
	ING Bank	n/a	n/a	√	√
	Citibank	n/a	n/a	√	√
	Deutsche Bank	√	n/a	√	√
	Fortisbank	n/a	n/a	√	√
	HSBC Bank	n/a	n/a	√	√
	Millenium Bank	n/a	n/a	n/a	n/a
Local Private Banks	Adabank	n/a	n/a	n/a	n/a
	Akbank	n/a	n/a	√	√
	Alternatif Bank	n/a	n/a	n/a	√
	Anadolubank	n/a	n/a	n/a	n/a
	Birleşik Fon Bankası	n/a	n/a	n/a	n/a
	Denizbank	n/a	n/a	√	√
	Finansbank	n/a	n/a	√	√
	Garanti Bankası	√	n/a	√	√
	İş Bankası	n/a	n/a	√	√
	Şekerbank	n/a	n/a	√	√
	T Bank	n/a	n/a	n/a	n/a
	Eurobank Tekfen	√	n/a	n/a	n/a
	Tekstil Bank	n/a	n/a	√	n/a
	Turkish Bank	n/a	n/a	n/a	n/a
	TEB	n/a	n/a	√	√
Yapı Kredi	√	n/a	√	√	
Non-interest Participation Banks	Albaraka Turk	n/a	n/a	√	√
	Bank Asya	n/a	n/a	√	√
	Türkiye Finans	n/a	n/a	n/a	n/a
	Kuveyt Türk	√	n/a	√	n/a

Government Banks	Ziraat Bankası	√	n/a	n/a	√
	Halkbank	√	n/a	√	√
	Vakıfbank	n/a	n/a	√	√

n/a: Not available. As of February 1st, 2011

Table 8. Procedure of Bank's Selection among the Banks Active in Turkish Market (continued)

	Name of the Bank	CSR mentioned in the mission statement	CSR mentioned in the vision statement	CSR activities explained on Website	CSR activities mentioned in media bulletins and/or annual reports
Private Investment Banks	Aktif Yatırım Bankası	n/a	n/a	n/a	n/a
	Bank Pozitif	n/a	n/a	n/a	n/a
	Diler Yatırım Bankası	n/a	n/a	n/a	n/a
	GSD Yatırım Bankası	n/a	n/a	n/a	n/a
	IMKB Takas ve Saklama Bankası	n/a	n/a	n/a	n/a
	Nurol Yatırım Bankası	n/a	n/a	n/a	n/a
	Türkiye Sınai Kalkınma Bankası (TSKB)	√	√	√	√
Government Investment Banks	İller Bankası	n/a	n/a	n/a	n/a
	Türk Exim Bank	n/a	n/a	n/a	n/a
	Türkiye Kalkınma Bankası	√	√	√	√

n/a: Not available, * Global Practices. As of February 1st, 2011

Selection of the Banks

The study focuses on two different banks to have a comparative study, namely to compare whether or not there is a difference between customers' evaluations of CSR

regarding the two leading banks, one holding a foreign image and the other a local. Banking industry is open to the influence of both national and international economic arenas (Gunay, 2004). Out of total fifty-one banks in The Turkish Banking Sector, HSBC and Garanti are selected because while HSBC bank holds 100% foreign capital¹¹, Garanti Bank holds 25%¹². They both have a strong CSR background as seen in the Procedure of bank's selection table (see Table 8). Garanti Bank refers to CSR in its mission statement and they publish their CSR activities on their websites and also include in the annual reports or media bulletins.¹³ HSBC Bank didn't include CSR in the mission statement, however, CSR activities are mentioned in detail on the websites and considered in the annual reports/media bulletins.¹⁴ Garanti Bank was established in 1946 with Turkish origin by Dogus Group, but now Dogus Group only owns 24% of the shares and BBVA (Banco Bilbao Vizcaya Argentaria S.A.) has 25% as a shareholder. Due to its local Turkish name, most of the customers still consider the bank as totally local, in other words, holding a local image. HSBC, on the other hand, is 100% British and holds a foreign image.

Garanti Bank has more than ten million customers as of June 2011.¹⁵ It has been well known CSR initiatives and run awareness campaigns especially on the natural environment component of CSR. Due to the name of the bank and higher number of shares owned by Dogus Group (24%) as of April 7, 2011, the bank has been known as a

¹¹ <http://www.hsbc.com.tr/tr/HSBC_hakkinda/HSBC_turkiye/>

¹² <http://www.garanti.com.tr/tr/garanti_hakkinda/yatirimci_iliskileri/kurumsal_bilgiler/ortaklik_yapisi.page>

¹³ <http://www.garanti.com.tr/tr/garanti_hakkinda/toplumsal_paylasim.page?>

¹⁴ <http://www.hsbc.com.tr/tr/HSBC_hakkinda/sosyal_sorumluluk/>

¹⁵ <http://www.garanti.com.tr/tr/yardim_ve_oneriler/sorular.page?faqName=garanti_bankasi_nin_ne_kadar_musterisi_var#calcContent=UID18a3811>

local private bank. However, 25% share has been owned by General Electric Capital Corporation and this makes Garanti Bank a player in the international arena. Garanti Bank's CSR activities vary in many fields. With the numerous number of projects, it's one of the strongest CSR addressing banks. It has its own Culture Foundation which aims to host mainly exhibitions. Besides that, Garanti Bank has been sponsoring Istanbul Jazz Festival for the last fourteen years. Garanti Bank also supports the education of the children and has been running International Children Film festival for the last seven years on the Children's day, April 23. Garanti Bank is a very important supporter of WWF for the last nineteen years.¹⁶ The aim of WWF is to increase awareness for threats against the national environment and lead individuals to sustainable development and protection of the natural resources. Garanti Bank also runs a foundation regarding the education component of CSR. Foundation of Teacher's Academy has been opened in 2008 in order to better educate the teachers, thus, contribute to the sustainable education of the future generations. The bank also supports women entrepreneurs with education and financial support. With the partnership of Economist, a contest between women entrepreneurs have been carried out and in 2010, Garanti Bank has become the main sponsor for the second time. The "future talks" that have been carried out by Garanti Bank aims to prepare the companies to the future risks they might face and encourage them to take proactive actions. Even though sports sponsorship is mostly known as a way of marketing by the customers, sports is another component under the CSR's art and culture. Garanti Bank has been sponsoring basketball, football and horse-riding.

¹⁶ <http://www.garanti.com.tr/tr/garanti_hakkinda/toplumsal_paylasim_projeleri/dogaya_destek_projeleri.page>

HSBC Bank has been selected as the second bank for this study due to it is 100% foreign investor ownership and its attitude towards addressing CSR activities. HSBC Bank is active in 87 countries¹⁷ and has approximately three and half million customers in Turkey and therefore is taken as an important player in both Turkish and global markets. Like Garanti Bank, HSBC values CSR initiatives and presents a sustainability report on its official website. The most important CSR activities¹⁸ of HSBC Bank are micro-credits to the entrepreneurs (has been decided to be reached to five million USD in the next five years), financial support to the The Association in support of Contemporary Living (*Çağdaş Yaşamı Destekleme Derneği - ÇYDD*) and Bogazici University foundation for the sustainability of the next generations, and financial support to documentaries, photo competitions and theaters. Besides these, the bank has been provided more than 250 wheelchairs to Solidarity Association for the Physical Disabled (*Bedensel Engellilerle Dayanışma Derneği – BEDD*). “The Smart Money Management” program aims to educate the primary school students on the role of money in society, sharing money, and smart consumption. HSBC Bank also works closely with Corporate Volunteer Association (*Özel Sektör Gönüllüleri Derneği – ÖSGD*) for young generation. In 2005, HSBC Bank has been the first carbon neutral bank among a hundred companies of Financial Times Sustainability Index. The bank tries to make the operational fields as efficient as it can and focus on four-year goals for energy and water usage, and waste and carbon dioxide management.

¹⁷ < http://www.hsbc.com.tr/tr/HSBC_hakkinda/hsbc_grubu/ >

¹⁸ < http://www.hsbc.com.tr/tr/HSBC_hakkinda/sosyal_sorumluluk/ >

Comparison of Corporate Social Performances of Garanti and HSBC are given below (see Table 9). As it has seen, neither of the bank has CSR initiatives that are listed under the customer component of this study.

Table 9. Corporate Social Performance of Garanti and HSBC Banks

	Garanti	HSBC
Customer		
Economic-legal	+	+
Natural Environment	+	+
Society-sustainability	+	+

Sampling Procedure

The population of the study consists of the customers of Garanti and HSBC Banks. The convenience sampling is used since most of the respondents were not readily available and time and resources were restricted. Convenience sampling offers to receive information quickly and efficiently.

The primary method of data collection is a self-administrated e-mail questionnaire. In order to measure the target respondents, graduate mailing groups of two high schools (Pertevniyal and Isik Lisesi) and distribution lists of HP employees were used. These lists were chosen because the group members were in the network of the researcher and known in advance that most of them were either Garanti or HSBC customers. The respondents have received an e-mail explaining the purpose of the study, the procedure, and as well as a questionnaire. Confidentiality of the answers was granted for the participants.

The qualifying question of the survey was “For the last three years, I mostly work with _____ bank”. The answer of this statement should either Garanti Bank or HSBC in order to continue with the questionnaire. The questionnaire has been e-mailed to 270 customers between March 10 and March 12, 2011. 103 questionnaires have been received by March 17 so a reminder has been sent on March 18. By March 25, 249 questionnaires were received with a response rate of 92%; however 11 of them were incomplete and not considered in the analysis. As the respondents were asked to use a dropdown menu to select one of these two banks, no questionnaires were received from the customers that have been mostly working with other banks rather than Garanti or HSBC. Out of 238 surveys, 121 were responded by Garanti Bank customers and 117 by HSBC Bank customers.

CHAPTER 5

FINDINGS

In this chapter, the results of the analysis of the collected data will be shared. The survey results have been analyzed by SPSS program. This section will be presented as follows: sample characteristics, reliability analysis, validity analysis, descriptive statistics, relation between customer related variables and Ethical Ideologies, relation between bank related variables and CSR components, relation between Ethical Ideologies and customer evaluation of CSR and customer evaluation of CSR and dependent variables.

Sample Characteristics

In this section, the frequencies of customer and bank related variables will be discussed.

Customer Related Variables

As summarized in Table 10, the distribution between male and female are very close, 55.9% of the respondents were male and 44.1% of female. 50.4% of the respondents were listed in the ages between 19 and 29. 35.3% of the respondents were listed between ages 30 and 39. Of the respondents 86.1% were university graduates and 22.7% of these university graduates have a master or PhD degree. Most of the university graduates that

have taken the survey are graduated from social sciences (41.2%). Business administration is the most common major among the respondents. As the study has a younger respondent group, it's understandable that most of the respondents are single (63%). The percentage of the bank customers not having children is very high (76.9%) compared to the ones with children (23.1%). 40.8% of the respondents stated that their income is more than their spending. Only 18.1% claimed their income to be lower than their spending.

Table 10. Sample Characteristics

		Percent			Percent
Marital Status	Single	63	Gender	Male	55.9
	Married	34.5		Female	44.1
	Divorced	2.5	Children	No	76.9
Age	19-29	50.4		Yes	23.1
	30-39	35.3	Faculty	Social	41.2
	40-49	8.4		Engineering	23.1
	50-59	5		Other	8.4
	60+	0		No Response	27.3
	No Response	0.8		Income	My income is lower than my spending
Education Level	Elementary	0.4	My income is equal to my Spending		37.4
	High School	13	My income is more than my spending		40.8
	University	63.4	No Response		3.8
	Master/PhD	22.7			
	No Response	0.4			

Bank Related Variables

As presented in Figure 11, customers prefer to receive a variety of services from the bank they mostly work with. 59.7% of the respondents take 5 to 8 different services from the bank, while 31.1% of our respondents receive 1 to 4 services. The mostly used services are Credit Card with 92%, followed by ATM Card with 82% and Automated Payments by 69%. Almost all banks in the Turkish Banking Sector offer automated payments to their customers via their credit card or accounts they hold in their branches. The least used services are Cash Bank Rental by 4%, House Loan by 11% and Payment (Bill/Check) by 12%.

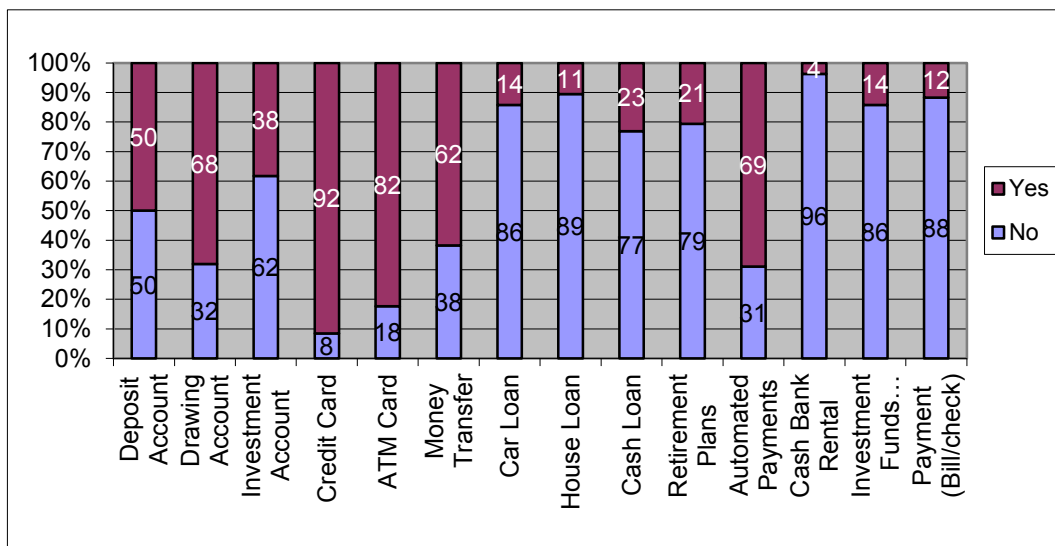


Figure 11. Bar chart of mostly used services

The respondents were asked to state the number of years that they have been working with the bank. 42.4% of the respondents are working with the bank for 0-5 years, while 34.5% of the respondents are working with the bank between five to ten years. Customers who have been working with the same bank more than ten years form the 22.3% of our sample. Respondents were also asked to state the number of banks they

have been working with. Most of the respondents prefer to work with two (33.6%) or three (29.4%) banks. Only 11% of the customers are working with one bank. Regarding the the Internet banking usage question, 61.3% of the respondents stated that they receive more than 50% of the bank services via the Internet. 10.1% of our respondents use the Internet banking for (less than 10%) bank services (see Table 11).

Table 11. Summary Table of Frequency Analysis of Respondent’s choice of Bank

		Percent				Percent	
Experience with the bank	0-5 years		42.4	Total number of banks the customer is working with	1		11.3
	5-10 years		34.5		2		33.6
	More than 10 years		22.3		3		29.4
	No Response		0.8		4		12.6
The Internet Usage	Less than 10%		10.1		5		6.7
	Around 10%		5.5		6		2.1
	Around 25%		22.3		7		0.8
	More than 50%		61.3		8		1.3
	No Response		0.8		No Response		2.1
				Number of Services	1-4		31.1
					5-8		59.7
					9-12		9.2

Reliability Analysis

In the beginning, the evaluation of CSR components section of the questionnaire was prepared with six CSR components; customer, economic, legal, natural environment, society, sustainability. However, during the reliability analysis some of these components appeared to have low reliability scores. As stated in the literature survey section, Intersecting Circles Model (ICM) of CSR has suggested that all these CSR

components are interrelated and have common points. In other words, since the components intersect with each other some of the components are grouped together in order to have a reliable data. Economic and legal components are grouped regarding their interrelatedness mentioned in the ICM model. Society and sustainability components are related to discretionary activities (Katz et al., 2001) and therefore, these two components are grouped together. For the final analysis, four components have been reached such as; customer, economic-legal, natural environment, society-sustainability. As presented in Table 12, economic-legal, natural environment, customer variables appeared to be significantly reliable whereas society-sustainability appeared highly reliable among CSR components.

Table 12. Summary Table of Reliability Analysis of CSR Components

	Variable	Cronbach Alpha	Number of Items
CSR Components	Customer	0.767	6
	Economic – Legal	0.678	7
	Environment	0.721	3
	Society – Sustainability	0.856	11

Likewise, of the Ethical Ideologies scale, idealism appeared to be significantly reliable whereas relativism is highly reliable as seen in Table 13.

Table 13. Summary Table of Reliability Analysis of Ethical Ideologies

	Variable	Cronbach Alpha	Number of Items
Ethical Ideologies	Idealism	0.790	10
	Relativism	0.830	10

Validity Analysis

The validity of CSR components and dependent variable “perceiving the bank as fulfilling its social responsibility” are tested using Pearson Correlation. All correlation coefficient values in this study appeared to be positive and higher than zero, which showed that the data is heterogeneous and there is a positive linear relation between the CSR components. In other words, if the variance of one variable increases, it also increases for the other component. The correlation coefficient values between each CSR component and the dependent variable “perceiving the bank as fulfilling its social responsibility” have shown that there’s a linear correlation between the variables.

As seen in Table 14, although it does not appear to be high, perceiving the bank as fulfilling its social responsibility and economic-legal component has the highest correlation, in other words have a moderate relationship ($r=+0.524$). Following that

Table 14. Correlation between each CSR Component and Perceiving the Bank as Fulfilling its Social Responsibility

		Perceiving the bank as fulfilling social responsibility	Customer	Economic-Legal	Natural Environment	Society-Sustainability
Perceiving the bank as fulfilling social responsibility	Pearson Correlation	1	.520**	.524**	.325**	.483**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	238	238	238	238	238
Customer	Pearson Correlation	.520**	1	.646**	.517**	.663**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	238	238	238	238	238
Economic-Legal	Pearson Correlation	.524**	.646**	1	.505**	.662**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	238	238	238	238	238
Natural Environment	Pearson Correlation	.325**	.517**	.505**	1	.702**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	238	238	238	238	238

Society-Sustainability	Pearson Correlation	.483**	.663**	.662**	.702**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	238	238	238	238	238

customer component's correlation is 0.520; society-sustainability is 0.483 and natural environment is 0.325. There is a correlation between the CSR components and the highest correlation is between natural environment and society-sustainability ($r=0.702$). The results show that the components are correlated with each other but yet distinct variables.

Descriptive Statistics

The respondents were asked to define how much they agree/disagree on the CSR and Ethical Ideologies statements. The response format was in 5-point Likert scale, 1 representing strongly disagree and 5 representing strongly agree. As presented in Table 15, the statements that have received the highest scores in the evaluation of CSR are:

- My bank cares about its employees and aims to improve life standards (mean=4.46)
- My bank invests to increase employment opportunities (mean=4.13)
- Customer satisfaction is significantly important for my bank (mean=3.98)

The statements with highest mean scores are not grouped under the same component of CSR. The highest score was grouped under society-sustainability component, the second highest was under economic-legal and the third one under customer. These high mean scores show that the respondents don't only value customer

centric CSR activities high, but also, the activities that are covered under other CSR components are valuable for them.

Even though they are still above the average, the statements that have the lowest mean belong to the social-sustainability component of CSR.

- EU accession process has enhanced my bank’s social responsibility activities.
(mean=3.09)

Table 15. Distribution of the Customer’s Perception of CSR

5-point Likert Scale (1=Strongly disagree, 5=Strongly Agree)		Mean	Standard Deviation
Society-Sustainability	My bank cares about its employees’ and aims to improve life standards.	4.46	0.691
Economic-Legal	My bank invests to increase employment opportunities.	4.13	0.724
Customer	Customer satisfaction is significantly important for my bank.	3.98	0.829
Customer	My bank, when necessary, partners up with its competitors to provide better services.	3.93	0.851
Economic-Legal	My bank offers microcredits to the small sized entrepreneurs.	3.9	0.878
Natural Environment	My bank develops projects to reduce its negative impact on environment.	3.9	0.869
Economic-Legal	My bank contributes to economic development.	3.89	0.809
Economic-Legal	My bank acts legally in all matters.	3.86	0.809
Society-Sustainability	My bank supports artistic and cultural activities.	3.8	0.872
Economic-Legal	I expect my bank to contribute to sustainable economic growth of Turkey	3.73	0.971
Customer	My bank updates its customer database regularly in order to develop special offers for each customer.	3.68	0.958
Natural Environment	My bank supports initiatives for environmental protection.	3.66	0.913
Society-Sustainability	My bank partners up with NGOs to run social responsibility projects.	3.65	1.099
Society-Sustainability	My bank has other responsibilities to society other than making profit.	3.64	0.978
Customer	My bank fully informs its customers for the legal changes in the banking procedures.	3.59	1.132
Economic-Legal	I expect my bank to contribute to sustainable economic growth of Turkey	3.43	0.906
Society-Sustainability	My bank supports education.	3.42	0.946
Society-Sustainability	My bank provides support to charities.	3.4	0.84
Customer	My bank changes its practices based on the complaints and feedbacks received from its customers.	3.38	0.785
Economic Legal	My bank avoids unfair competition.	3.38	0.857
Natural Environment	My bank encourages environment friendly financial products.	3.37	0.82
Society-Sustainability	My bank helps the government with social responsibility projects.	3.36	1.081

Economic-Legal	My bank offers credits to SMEs.	3.36	0.952
Customer	My bank serves all customers with high without any discrimination	3.33	0.859
Society-Sustainability	My bank supports sport activities.	3.22	0.865
Society-Sustainability	My bank aims to provide a better world for future generations.	3.22	1.005
Society-Sustainability	EU accession process has enhanced my bank's social responsibility activities.	3.09	0.962

- My bank supports sport activities. (mean=3.22)
- My bank aims to provide a better world for future generations.
(mean=3.22)

As shown in Table 16, the highest mean score among CSR components appear to be for economic-legal component, followed by customer component. This means the customers value economic-legal CSR activities more than the activities that are covered under other components. The mean of customer's perception of the bank's overall CSR activities is calculated because it will be used in the hypothesis testing. (It will be used as "CSR" in the hypotheses testing result tables.)

Table 16. Mean Scores of CSR Variables

	Variable	Means	Standard Deviation	Number of Items
CSR Components	Economic-Legal	3.87	0.469	7
	Customer	3.61	0.672	6
	Natural Environment	3.51	0.74	3
	Society-Sustainability	3.47	0.584	11
Customer's perception of the bank's overall CSR activities		3.62	0.898	27

Mean scores of all dependent variables are above average as presented in Table 17.

Bank's promoting the usage of the Internet banking appears to have the highest mean

score among all. In other words, according to respondents, Garanti and HSBC banks promote the usage of the Internet banking.

Table 17. Mean Scores of Dependent Variables

5-point Likert Scale (1=Strongly disagree, 5=Strongly Agree)	Mean	Standard Deviation
My bank encourages its customers to use the Internet banking.	4.44	0.803
Overall, I am satisfied with my bank.	3.89	0.78
Contributing to social problems has a positive impact on the profitability of my bank.	3.61	0.902
My bank fulfills its social responsibilities.	3.51	0.856
I define my bank as a trustworthy and honest corporation.	3.5	0.865

In the second section of the survey, the respondents were asked to answer questions regarding their ethical ideologies on the Ethics Position Questionnaire (EPQ) (Forsyth, 1980).

The statements that have received the highest mean scores are:

- If an action could harm an innocent other, then it should not be done.
(mean=4.55)
- One should never psychologically or physically harm another person.
(mean=4.44)
- One should not perform an action which might in any way threaten the dignity and welfare of another individual. (mean=4.39)

All three highest mean scored statements belong to Idealism. As suggested in the literature (see Table 2), idealists appear to be concerned for others and take actions not to cause harm to others (Forsyth, 1992)

Statements with the lowest mean scores in the Ethical Ideologies section are as follows:

- Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral. (mean=2.26)
- There are no ethical principles that are so important that they should be a part of any code of ethics. (mean=2.74)
- Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment. (mean=3.00)
- No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation. (mean=3.00)

Except the first statement, the other three statements are listed under Relativism variables. This means that respondents agree with idealism statements more favorably compared to relativism (see Table 18).

The mean score of overall idealism statements is higher than relativism (see Table 19). The mean scores are used to identify idealist and relativist respondents. If the mean score of idealism was higher for that respondent, the respondent was considered as idealist. According to this, 187 of our respondents appear to be idealist and 40 are relativists (see Table 19). 11 out of 238 appeared to have equal mean scores for idealism and relativism. The number of idealist and relativist customers will then be used to measure the relation between Ethical Ideologies and customer evaluation of CSR.

Table 18. Mean Scores of Customer’s Ethical Ideologies

5-point Likert Scale (1=Strongly disagree, 5=Strongly Agree)		Mean	Standard Deviation
Idealism	If an action could harm an innocent other, then it should not be done.	4.55	0.632
	One should never psychologically or physically harm another person.	4.44	0.759
	One should not perform an action which might in any way threaten the dignity and welfare of another individual.	4.39	0.664
	A person should make certain that their actions never intentionally harm another even to a small degree.	4.38	0.669
	The dignity and welfare of people should be the most important concern in any society.	4.31	0.652
	Risks to another should never be tolerated. Irrespective of how small the risks might be.	4.15	0.813
	The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.	4.05	0.838
	It is never necessary to sacrifice the welfare of others.	3.84	0.971
	Moral actions are those which closely match ideals of the most “perfect” action.	3.45	1.041
	Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.	2.26	1.25
Relativism	What is ethical varies from one situation and society to another.	3.85	0.986
	Moral standards should be seen as being individualistic; what one person considers to be moral maybe judged to be immoral by another person.	3.82	1.132
	Different types of moralities cannot be compared as to “rightness”.	3.75	1.095
	Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.	3.66	1.027
	Moral standards are simply personal rules which indicate how a person should behave, and are not to be applied in making judgments of others.	3.59	1.132
	Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.	3.17	1.135
	Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.	3.12	1.143
	Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.	3	1.051
	No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation.	3	1.16
	There are no ethical principles that are so important that they should be a part of any code of ethics.	2.74	1.205

Table 19. Summary Table of Mean Levels of Ethical Ideologies

Variable	Means	Standard Deviation	Number of Items	Frequency	Percent
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Ethical Ideologies	Idealism	3.98	0.500	10	187	78.6
	Relativism	3.37	0.697	10	40	16.8

Customer Related Variables and Ethical Ideologies

According to the findings (see Appendix 5), the variables that have a significant effect on the Ethical Ideologies are gender, age and having/not having children ($p < 0.05$). The other customer related variables such as income level, education level, faculty and marital status appeared to have insignificant relation with Ethical Ideologies ($p > 0.05$).

In order to analyze the relation between gender and Ethical Ideologies, T-test has been run. As seen in Table 20, the results show that females appear to have higher scores on idealism compared to males (mean=4.062).

Table 20. Gender and Ethical Ideologies

		N	Mean	Std Deviation	Std Error Mean	T values	Sig.
Idealism	Male	133	3.92	0.5116	0.0444	-2.195	0.029
	Female	105	4.062	0.4772	0.0466		
Relativism	Male	133	3.361	0.7234	0.0627	-0.199	0.842
	Female	105	3.379	0.6655	0.0649		

T-test has been used to see if having a children and CSR has a relation. The results have shown that effect of having children on Ethical Ideologies is significant (see Table 21).

People not having children significantly have higher scores on relativism compared to people having children (mean=3.43).

Table 21. Children and Ethical Ideologies

	Does the customer have children?	N	Mean	Std. Deviation	Std. Error Mean	T Values	Sig.
Idealism	Yes	55	3.955	0.5224	0.0704	-0.469	0.64
	No	183	3.991	0.4952	0.0366		
Relativism	Yes	55	3.165	0.715	0.0964	-2.496	0.013
	No	183	3.43	0.6817	0.0504		

Anova test have been used to analyze the relation between age and Ethical Ideologies.

As seen in Table 22, there is a significant difference between age and relativism

($p=0.01$).

Table 22. Age and Ethical Ideologies

		Sum of Squares	Df	Mean Square	F	Sig.
Idealism	Between Groups	0.464	3	0.155	0.612	0.608
	Within Groups	58.555	232	0.252		
	Total	59.019	235			
Relativism	Between Groups	5.319	3	1.773	3.841	0.01
	Within Groups	107.089	232	0.462		
	Total	112.408	235			

In order to find the group(s) causing the main difference between Age and Relativism,

Tukey test has been run (Olleveant et al., 1999). The difference between Age and

Relativism are caused by the different evaluations of the respondents that are between

19-19 and 50-59 ages. People who are between ages 19 and 29 are more relativistic (mean=3.50) compared to people between 50-59 ages (mean=2.92) (see Table 23).

Table 23. Tukey Results for Age and Ethical Ideologies

	(I) Age	(J) Age	Std. Error	Sig.	Mean
	Relativism		30-39	0.0967	0.109
		40-49	0.1641	0.509	
19-29		50-59	0.2057	0.026	3.50
		19-29	0.0967	0.109	
		40-49	0.169	1	
30-39		50-59	0.2097	0.312	3.28
	19-29	0.1641	0.509		
	30-39	0.169	1		
40-49	50-59	0.2481	0.485	3.28	
	19-29	0.2057	0.026		
	30-39	0.2097	0.312		
50-59	40-49	0.2481	0.485	2.92	

Garanti Bank versus HSBC and Ethical Ideologies

T-test has been used in order to measure the relation between Ethical Ideologies and Garanti and HSBC Banks. According to Table 24, Idealism appears to have a significant difference with Garanti and HSBC Bank customers (p=0.037). Garanti Bank customers have significantly higher scores for idealism statements compared to HSBC Bank customers (mean=4.049).

Table 24. Garanti Bank versus HSBC and Ethical Ideologies

	Mostly worked Bank	N	Mean	Std. Deviation	Std. Error Mean	Sig.
Idealism	Garanti	121	4.049	0.5239	0.0476	0.037
	HSBC	117	3.914	0.4679	0.0433	

Relativism	Garanti	121	3.379	0.7172	0.0652	0.829
	HSBC	117	3.359	0.6785	0.0627	

Garanti Bank versus HSBC and CSR Components

In order to analyze the relation between Garanti Bank versus HSBC and CSR components, T-test is used. According to the results, only natural environment and society-sustainability components appear to have a significant difference with Garanti Bank versus HSBC ($p < 0.05$). Following that, Tukey test has been used in order to see the variable causing the difference. As shown in Table 25, there is a significant difference between customers of Garanti and HSBC banks for natural environment and society-sustainability variables ($p = 0.000$). Garanti Bank customers perceive natural environment and society-sustainability components more favorably compared to HSBC Bank customers.

Table 25. Garanti Bank versus HSBC and CSR Components

	Mostly worked Bank	N	Mean	Std. Deviation	Std. Error Mean	T values	Sig.
Customer	Garanti	121	3.538	0.69225	0.06293	-1.728	0.085
	HSBC	117	3.688	0.6453	0.05966		
Economic-Legal	Garanti	121	3.8298	0.51827	0.04712	0.403	0.687
	HSBC	117	3.8863	0.4125	0.03814		
Natural Environment	Garanti	121	3.7149	0.80163	0.07288	4.684	0.00
	HSBC	117	3.2855	0.60147	0.05561		
Society-Sustainability	Garanti	121	3.6099	0.58444	0.05313	3.873	0.00
	HSBC	117	3.3248	0.54991	0.05084		

Bank Related Variables and CSR Components

As shown in the summary results in Demographic Variables and CSR Components Summary Results table (Appendix 4), only total number of banks the customer is working with has a significant difference with CSR components ($p=0.022$). The other variables number of years worked with the bank, total number of services taken from the bank and the Internet banking usage appeared to have an insignificant relation with CSR components ($p>0.05$). First Anova and following that Tukey Test has been used in order to see the group(s) affecting the results. As seen in Table 26, customers who work with one or two banks and customers that work with more than five are causing the significant difference on society-sustainability component. People who work with more than five banks appear to agree less with society-sustainability statements. They have been followed by people who work with two banks and then people that work with one bank.

Hypotheses Testing

As presented in the Theoretical Framework (see Figure 9), the relation between Ethical Ideologies (Idealism and Relativism) and overall CSR (customer, economic-legal, society-sustainability, and natural environment) and CSR components and dependent variables (overall satisfaction with the bank, perceiving the bank as honest and

trustworthy, perceiving the bank as fulfilling its social responsibility, perceiving CSR as profitable and bank's promoting the usage of the Internet banking) will be discussed in this section. Of the eleven hypothesis tested to this purpose, none but H1 is rejected.

Table 26. Total Number of Banks the Customer is Working with and CSR Components

	(I) Total Number of Banks	(J) Total Number of Banks	Std. Error	Sig.	Mean
Society-Sustainability	1	2	0.12568	0.985	3.61
		3	0.12793	0.797	
		4	0.1498	0.957	
		More than 5	0.15516	0.025	
	2	1	0.12568	0.985	3.54
		3	0.09242	0.92	
		4	0.1209	0.998	
		More than 5	0.12748	0.017	
	3	1	0.12793	0.797	3.46
		2	0.09242	0.92	
		4	0.12323	0.998	
		More than 5	0.12969	0.098	
	4	1	0.1498	0.957	3.5
		2	0.1209	0.998	
		3	0.12323	0.998	
		More than 5	0.15131	0.123	
More than 5	1	0.15516	0.025	3.14	
	2	0.12748	0.017		
	3	0.12969	0.098		
	4	0.15131	0.123		

CSR (customer's overall evaluation of bank's CSR) variable has been introduced by summing up all CSR components into one variable and taking the mean score. This variable will be used while measuring the relation between CSR evaluation and Ethical Ideologies, and CSR evaluation and dependent variables. Before, going into the

hypotheses testing, it is beneficial to show how much overall CSR is affected by the CSR components. In order to measure this relation, multiple regression analysis has been used. R square has appeared to be 1.00 because the variable itself has been formed by grouping the other components (see Table 27). The relation between overall CSR and CSR components appeared to be significant and the highest effect on overall CSR is the natural environment variable. Natural environment has been followed by customer, society-sustainability and economic-legal. The values that are taken by overall CSR can be formulized as follow:

$$\text{Overall CSR} = 0.03 + 0.324 * C + 0.225 * EL + 0.356 * Env + 0.281 * SS$$

Table 27. Relation between Overall CSR and CSR Components

Correlation		R square	Sig.
Overall CSR	CSR Components	1.000	0.00

		Beta	Sig.
Overall CSR	Constant	0.03	
	Customer (C)	0.324	0.00
	Economic-Legal (EL)	0.225	0.00
	Natural environment (Env)	0.356	0.00
	Society-Sustainability (SS)	0.281	0.00

H1: Idealist customers will have more positive evaluations regarding bank's overall CSR activities compared to relativist customers.

In order to analyze the relation between idealists/relativists and customer's perception of bank's overall CSR activities, T-test has been used for 187 Idealist customers and 40 relativist customers. Respondents that have equal mean levels for

idealism and relativism (N=11) are omitted from this analysis because the sample number is not representative enough for analysis (N<30). As presented in Table 28, there is no significant difference between idealists and CSR components nor relativists and CSR components (p=0.96). Therefore, H1 is rejected.

Table 28. Relation between Ethical Ideologies and CSR Components

	N	Mean	Std. Deviation	Std. Error Mean	T value	Sig.
CSR Idealist	187	3.6151	.50570	.03698	0.51	0.96
Relativist	40	3.6105	.58604	.09266		

H2: Customer’s positive perception of the bank’s overall CSR activities leads to higher levels of overall satisfaction with the bank.

The relation between overall CSR evaluation and overall satisfaction with the bank has been analyzed with simple regression analysis. The relation appears to be significant (p=0,000). Thus, H2 is supported. 49% of the variance in overall satisfaction with the bank is explained by overall CSR evaluation. According to the coefficient values, the effect of CSR on overall satisfaction with the bank is 1.047 (see Table 29).

The values that are taken by overall satisfaction with the bank variable as follow:

$$\text{Overall satisfaction with the bank} = 0.106 + 1.047 * \text{CSR}$$

Table 29. Relation between overall CSR evaluation and Overall Satisfaction with the Bank

Correlation		R square	Sig.
Overall CSR evaluation	Overall satisfaction with the bank	0.486	0.00

		Beta	Sig.
Overall satisfaction with the bank	Constant	0.106	0.00
	CSR	1.047	

H3: Customer’s positive perception of the CSR components lead to higher levels of overall satisfaction with the bank.

Multiple regression is used in order to measure the relation between CSR components and overall satisfaction with the bank. As seen in Table 30, there is a significant relation between CSR components and overall satisfaction with the bank ($p=0.000$). Therefore, H3 is supported. 51% of the variance in overall satisfaction with the bank is explained by CSR components. According to the coefficient values, only society-sustainability doesn’t have a significant effect on overall satisfaction with the bank variable ($p=0.407$). Besides that, all other CSR components have a significant relation with the dependent variable ($p<0.05$). The beta results on coefficients table shows that economic-legal variable explains the variance of overall satisfaction with the bank with the highest value ($\beta=0.576$). In other words, overall satisfaction with the bank dependent variable is effected by 58% by economic-legal variable. Economic-legal variable has been followed by customer variable by 31% ($\beta=0.309$), then by natural environment by 18% ($\beta=0.177$).

$$\text{Overall satisfaction with the bank} = -0.373 + 0.309*C + 0.576*EL + 0.177*Env - 0.087*SS$$

Table 30. Relation between CSR Components and Overall Satisfaction with the Bank

Correlation		R square	Sig.
CSR Components	Overall satisfaction with the bank	0.512	0.00

		Beta	Sig.
Overall satisfaction with the bank	Constant	-0.373	
	Customer (C)	0.309	0.000
	Economic-Legal (EL)	0.576	0.000

	Natural environment (Env)	0.177	0.01
	Society-Sustainability (SS)	0.087	0.407

H4: Customer’s positive perception of the bank’s overall CSR activities leads customers to perceive the bank as more honest and trustworthy.

The relation between overall CSR evaluation and perceiving the bank as honest and trustworthy has been analyzed with simple regression analysis. The relation appears to be significant (p=0.000). Thus, H4 is supported. 36% of the variance in perceiving the bank as honest and trustworthy is explained by overall CSR evaluation. According to the coefficient values, the effect of CSR on overall satisfaction with the bank is 0.988 (see Table 31). In other words, the dependent variable is effected 99% by overall CSR evaluation. The values that are taken by perceiving the banks as honest and trustworthy as follow:

$$\text{Perceiving the bank as honest and trustworthy} = 0.293 + 0.998 * \text{CSR}$$

Table 31. Relation between Overall Evaluation of CSR and Perceiving the Bank as Honest and Trustworthy

Correlation		R square	Sig.
Overall CSR evaluation	Perceiving the bank as honest and trustworthy	0.356	0.00

		Beta	Sig.
Perceiving the bank as honest and trustworthy	Constant	0.293	0.00
	CSR	0.988	

H5: Customer’s positive perception of CSR components leads customers to perceive the bank as more honest and trustworthy.

Multiple regression test is used in order to measure the relation between CSR components and perceiving the bank as honest and trustworthy. The results have shown

that there is a significant relation between CSR components and perceiving the bank as honest and trustworthy (see Table 32). Thus, H5 is supported. 45% of the variance in perceiving the bank as honest and trustworthy is explained by CSR components.

According to the coefficients results, customer and economic-legal components have a significant effect on perceiving the bank as honest and trustworthy dependent variable ($p=0.000$). The effect of economic-legal component is ($\beta=0.899$) much higher compared to customer variable ($\beta=0.354$). In other words 90% of the variance in the dependent variable is explained by economic-legal component. The values that are taken by the dependent variable can be formulized as follow:

$$\text{Perceiving the bank as honest and trustworthy} = -0.695 + 0.354 * C + 0.899 * EL + 0.086 * Env - 0.135 * SS$$

Table 32. Relation between CSR Components and Perceiving the Bank as Honest and Trustworthy

Correlation		R square	Sig.
CSR Components	Perceiving the bank as honest and trustworthy	0.45	0.00

		Beta	Sig.
Perceiving the bank as honest and trustworthy	Constant	-0.695	
	Customer (C)	0.354	0.000
	Economic-Legal (EL)	0.899	0.000
	Natural environment (Env)	0.086	0.284
	Society-Sustainability (SS)	-0.135	0.275

H6: Customer's positive perception of the bank's overall CSR activities leads customers to perceive the bank as fulfilling social responsibility.

The relation between overall CSR evaluation and perceiving the bank as fulfilling its social responsibility has been analyzed with simple regression analysis. The relation appears to be significant ($p=0.000$). Thus, H6 is supported. 29% of the variance in perceiving the bank as fulfilling its social responsibility is explained by overall CSR evaluation. According to the coefficient values, the effect of CSR on the dependent variable is 0.888 (see Table 33). The values that are taken by perceiving the bank as fulfilling its social responsibility as follow:

$$\text{Perceiving the bank as fulfilling its social responsibility} = 1.034 + 0.712 * \text{CSR}$$

Table 33. Relation between Overall Evaluation of CSR and Perceiving the Bank as Fulfilling its Social Responsibility

Correlation		R square	Sig.
Overall CSR evaluation	Perceiving the bank as fulfilling its social responsibility	0.289	0.00

		Beta	Sig.
Perceiving the bank as fulfilling its social responsibility	Constant	0.171	0.00
	CSR	0.888	

H7: Customer's positive perception of CSR components leads customers to perceive the bank as fulfilling social responsibility.

Multiple regression test results have shown that there is a significant relation between CSR components and perceiving the bank as fulfilling its social responsibility (see Table 34). Therefore, H7 is supported. 34% of the variance in perceiving the bank as fulfilling its social responsibility is explained by CSR components. Correlation results have shown that, except the natural environment variable ($p=0.306$), all other three CSR

components have a significant effect on perceiving the bank as fulfilling its social responsibility ($p < 0.05$). According to the coefficient values, economic-legal component ($\beta = 0.501$) has the highest effect on perceiving the bank as fulfilling its social responsibility followed by customer ($\beta = 0.334$) and society-sustainability ($\beta = 0.268$). In other words, economic-legal component explains the variance in perceiving the bank as fulfilling its social responsibility by 50% while customer explains by 33% and society-sustainability by 27%. The values that are taken by the dependent variable can be formulized as follow:

$$\text{Perceiving the bank as fulfilling its social responsibility} = -0.387 + 0.334 * Cr + 0.501 * EL - 0.089 * Env + 0.268 * SS$$

Table 34. Relation between CSR Components and Perceiving the bank as Fulfilling its Social Responsibility

Correlation		R square	Sig.
CSR Components	Perceiving the bank as fulfilling its social responsibility	0.343	0.00

		Beta	Sig.
Perceiving the bank as fulfilling its social responsibility	Constant	-0.387	
	Customer (C)	0.334	0.001
	Economic-Legal (EL)	0.501	0.000
	Environment (Env)	-0.089	0.306
	Society-Sustainability (SS)	0.268	0.045

H8: Customer's positive perception of the bank's overall CSR activities leads customers to perceive CSR activities profitable.

The relation between customer perception of the bank's overall CSR evaluation and perceiving CSR activities as profitable has been measured by using simple

regression analysis. There is a significant relation between overall CSR evaluation and perceiving CSR as profitable with the bank (see Table 35). Therefore, H8 is supported. 17% of the variance of the dependent variable with the bank is explained by overall CSR evaluation. According to the coefficient values, CSR has a significant effect on perceiving CSR as profitable with the bank variable (p=0.00). The beta results on coefficients table shows that CSR variable explains the variance of perceiving CSR as profitable with the bank by 0.712, in other words, the dependent variable is effected 71% by overall CSR evaluation. The values that are taken by perceiving CSR activities profitable as follow:

$$\text{Perceiving CSR activities as profitable} = 1.034 + 0.712 * \text{CSR}$$

Table 35. Relation between Overall Evaluation of CSR and Perceiving CSR as Profitable

Correlation		R square	Sig.
Overall CSR evaluation	Perceiving CSR as profitable	0.168	0.00

		Beta	Sig.
Perceiving CSR as profitable	Constant	1.304	0.00
	CSR	0.712	

H9: Customer’s positive perception of CSR components leads customers to perceive CSR activities profitable.

According to the multiple regression analysis results, the relation between CSR components and perceiving CSR activities as profitable is significant (see Table 36). Thus, H9 is supported. 19% of the variance in perceiving CSR as profitable is explained by CSR components which appear to be low. Even though the relation is significant, according to the correlation results, only society-sustainability component has a

significant impact on perceiving CSR as profitable variable ($p=0.002$). The variance of the component in the dependent variable is 48% ($\beta=0.483$). The values that are taken by the dependent variable are formulized as follow:

$$\text{Perceiving CSR as profitable} = 1.086 + 0.185 * C + 0.060 * EL - 0.014 * Env + 0.483 * SS$$

Table 36. Relation between CSR components and Perceiving CSR Activities as Profitable

Correlation		R square	Sig.
CSR Components	Perceiving CSR as profitable	0.186	0.00

		Beta	Sig.
Perceiving CSR as profitable	Constant	1.086	
	Customer (C)	0.185	0.107
	Economic-Legal (EL)	0.060	0.717
	Natural environment (Env)	-0.014	0.887
	Society-Sustainability (SS)	0.483	0.002

H10: Customer's positive perception of the bank's overall CSR activities leads customers to agree to the bank's promoting the usage of the Internet banking.

The relation between customer perception of the bank's overall CSR activities and bank's promoting the usage of the Internet banking has been measured by using simple regression analysis. There is a significant relation between overall CSR activities and bank's promoting the usage of the Internet banking (see Table 37). Therefore, H10 is supported. 11% of the variance of the dependent variable with the bank is explained by overall CSR evaluation. According to the coefficient values, CSR has a significant effect on bank's promoting the usage of the Internet banking variable ($p=0.00$). The beta results on coefficients table shows that CSR variable explains the variance of the

dependent variable 0,504, in other words, the dependent variable is effected 50% by overall CSR evaluation. The values that are taken by bank’s promoting the usage of the Internet banking as follow:

$$\text{Bank's Promoting the usage of the Internet banking} = 2.616 + 0.504 * \text{CSR}$$

Table 37. Relation between Overall Evaluation of CSR and Bank’s Promoting the Usage of the Internet Banking

Correlation		R square	Sig.
Overall CSR evaluation	Bank’s Promoting the usage of The Internet Banking	0.107	0.00

		Beta	Sig.
Bank’s Promoting the usage of The Internet Banking	Constant	2.616	0.00
	CSR	0.504	

H11: Customer’s positive perception of CSR components leads customers to agree to the bank’s promoting the usage of the Internet banking.

Multiple regression analysis results have shown that there is a significant relation between CSR components and bank’s promoting the usage of the Internet banking (see Table 38). Thus, H11 is supported even though the variance explained by the CSR components appears to be very low (13%). As expected, only the natural environment component appear to have a significant effect on the bank’s promoting the usage of The Internet banking variable ($p=0.002$). The effect of the natural environment component is $\beta=0.275$, in other words 28% of the variance in bank’s promoting the usage of the Internet banking is explained by natural environment component. The values that are taken by the dependent variable can be formulized as follow:

Bank's promoting the usage of the Internet banking=2.556-

$$0.060*C+0.218*EL+0.275*Env+0.085*SS$$

Table 38. Relation between CSR Components and Bank's Promoting the Usage of the Internet Banking

Correlation		R square	Sig.
CSR Components	Bank's promoting the usage of the Internet banking	0.126	0.00

		Beta	Sig.
Bank's promoting the usage of the Internet banking	Constant	2.556	
	Customer (C)	-0.06	0.572
	Economic-Legal (EL)	0.218	0.151
	Natural environment (Env)	0.275	0.004
	Society-Sustainability (SS)	0.085	0.557

CHAPTER 6

DISCUSSION and CONCLUSION

In this section, the findings of the research will be discussed and evaluated in the context of the Turkish Banking Sector.

Discussion

The analysis results will be discussed under, descriptive statistics and hypothesis testing sub-titles. Before going into the details of the further discussion, the sample characteristics will be discussed.

Considering the demographic variables, more than 50% of the respondents appear to be listed in the ages between 19 and 29. Since the survey has been delivered by e-mail, the survey was answered mostly by the 19-29 age group who are expected to spend more time on the the Internet compared to the older generation. According to the 2010 research of Turkish Statistical Institute (Türkiye İstatistik Kurumu – TÜİK) the usage of the Internet has been claimed to be highest for the 16-24 ages group, however, the usage percentage is not presented. The sample data doesn't have enough respondents for the ages 40-49 and 50-59, and the results of the analysis cannot be generalized for these ages. Most of the respondents were university graduates and more than 20% had master/PhD degrees. Again, the sample data doesn't have enough respondents for the elementary and high school customers, the results cannot be generalized for them. More than 40% of the respondents stated that their income is more than their spending.

According to the findings, the mostly used service from the bank is the credit card (91.6%). The banks active in the Turkish Banking Sector in general do not require for an account to be held in that bank to offer credit card services. The customers only need to show their income level in order to receive a credit card.¹⁹ The credit card usage increased constantly over the years. According to the statistical data of March 2011, the total consumption by credit cards has increased by 12.4% compared to March 2010.²⁰ Therefore, it has been expected that most of the respondents hold credit cards from different banks since the benefits may vary from bank to bank.

The respondents of the survey are mostly working with either two banks (33.6%) or three banks (29.4%). Customers may feel safer when they have accounts in different banks, having two or more accounts help customers to monitor their spending and savings. ATM cards are directly linked to the accounts the customers hold in the bank branches. That is the very reason why the respondents also have high mean scores for ATM Card usage. Since there are three options for the customers for accounts, it is understandable for customers to be distributed between deposit, drawing and investment accounts. Another trend in the Turkish market is that companies ask their newly hired employees to open accounts in the bank the company is mostly working with. Money transfer is cheaper within the same bank, where, the banks are taking extra commission for money transfers among banks.²¹ As the sampling data is very young, this can be the

¹⁹ <http://www.isbank.com.tr/content/TR/Yardim/Kredi_Kartlari/Basvuru-319-306.aspx>

²⁰ <<http://www.cnnturk.com/2011/ekonomi/genel/04/26/kredi.karti.kullanimi.artiyor/614575.0/index.html>>

²¹ <<http://haber.gazetevatan.com/en-ucuz-eft-hangi-bankada/387407/2/Ekonomi>>

reason why around 42% of the respondents are working with the same bank for up to five years. This can be explained by the high the Internet usage.

Descriptive Statistics

In the literature, ethical idealists are suggested to have positive attitudes towards CSR and agree more to fulfill charitable actions (Etheredge, 1999; Singhapakdi et al., 1996). Considering the positive relation between idealism and CSR suggested in the literature, it was expected to see higher mean scores for idealism compared to relativism due to the other-centered, altruistic, unselfish and more empathic attitude of the idealists (see Table 2). The mean scores for CSR initiatives are high (all of them are above the average 3.00) and most of the respondents appear to be idealist (n=187). In other words, the results fit with the previous findings in the literature (Etheredge, 1999; Singhapakdi, 1996). Considering the other findings, the highest three mean scores among ethical ideologies statements are from idealism and it can be said that most of the respondents consider the welfare of others rather than themselves.

The relation between ethical ideologies and the gender variable showed that the females are more idealistic compared to males. The findings also showed that the individuals that don't have children appear to be more relativistic compared to people who have children. Idealist people claimed to be less self-centered (Forsyth, 1992; Park, 2005), have concern for others (Forsyth, 1992), empathic (Davis, 2001) and unselfish (Forsyth, 1992), while relativists make more individual judgments and choose the most

beneficial outcome for themselves (Forsyth, 1992). These results were as expected because people having children are claimed to be more thoughtful of the others.

Our findings have shown that Garanti Bank customers have higher scores for idealism statements. In other words, Garanti Bank's customers were more idealists compared to HSBC customers. Literature has suggested idealists to have more positive attitudes towards CSR (Etheredge, 1999, Singhapakdi et al., 1996), so the two results support each other.

Supporting the findings of the relation between ethical ideologies and CSR activities, Garanti Bank customers have given higher scores to the natural environment and society-sustainability component questions. The feedback that has been received from some of the respondents is that most of HSBC Bank customers were not aware of the CSR activities that were run by their bank and they needed to visit their bank's website in order to be sure. On the other hand, as it is seen on its official website, Garanti Bank spends more effort to communicate its CSR practices to its customers. Both banks have sustainability reports, however, Garanti Bank is up-to-date²² while HSBC has not published anything for 2010.²³

As stated before, natural environment is one of the variables which can be easily addressed by banks. Only by transferring some activities to the Internet, the banks can make a significant difference on paper saving. Garanti Bank also tries to increase awareness on the campaigns where they address the social issues. The partnership they have with WWF has been the center of interest of many people who value the natural

²² <http://www.garanti.com.tr/tr/garanti_hakkinda/yatirimci_iliskileri/mali_tablolar_ve_sunumlar/yillik_faaliyet_raporlari.page?gbid2=200256>

²³ <http://www.hsbc.com.tr/tr/HSBC_hakkinda/sosyal_sorumluluk/surdurulebilirlik_raporu.asp>

environment initiatives. Garanti Bank is also visible with their other CSR activities sponsoring the cultural, artistic and sport activities. The main difference between Garanti and HSBC Banks occur with their local and foreign image. Since Garanti Bank is established in Turkey, it focuses on the local drivers. However, as it appears on 2009 Sustainability Report of HSBC, HSBC mainly takes global actions and none of the best practices for CSR initiatives are from Turkey.

The analysis of the mean levels of the statements showed that respondents mostly cluster around responses “agree, strongly agree and neither agree nor disagree” for the questions that address the CSR components and dependent variables (perceptions of the bank). The very first reason behind this is that the customers were asked to respond regarding the bank they are mostly working with within the last three years. If the customers were really unhappy with their bank, they had the initiative to change their bank as there are many local and foreign banks active in the Turkish banking market. The three statements that have received the highest scores are “My bank cares about its employees’ and aims to improve life standards.”, “My bank invests to increase employment opportunities.” and “Customer satisfaction is significantly important for my bank.” The banks should find the most qualified employees in order to present good services to its customers and literature suggests that companies which address CSR activities have good quality work conditions and care about the social problems that affect its employees and society (Maignan et al., 1999). Most of the respondents have stated that they are overall satisfied with their banks (mean=3.89), therefore, it is not surprising to see that the customers also consider their banks as valuing customer satisfaction.

Even the statements with the lowest mean scores have received scores higher than the average (mean>3.00). The reasons behind the three statements that have taken the lowest scores “EU accession process has enhanced my bank’s social responsibility activities.”, “My bank supports sport activities.”, “My bank aims to provide a better world for future generations.” can be the customers’ unawareness of the attitudes of their bank regarding these initiatives or they might have thought that their bank doesn’t give enough attention to these initiatives. Even though UNDP Report (2008) and the study of Ararat and Gocenoglu (2005) suggest that CSR activities have relatively increased with EU accession, the respondents of this study do not agree with this statement. EU accession has been a very long and tiring process for Turkey²⁴ and the respondents possibly don’t know when the process actually has started. Regarding the statement on the sport activities, Garanti Bank has been sponsoring sport activities for a long time (they have been the official sponsor of the Turkish national basketball team), however, no activities were listed on HSBC Bank’s website regarding the support on sport activities.

The statement with the highest mean score among the dependent variables is “My bank encourages its customers to use the Internet banking.” The high respondent rates for the Internet usage from the respondents (61.3% stated that they receive more than 50% of their bank services via the Internet), fit with the the respondents’ high agreement on the bank’s promoting the usage of the Internet banking. In other words, responses of the two questions support each other.

²⁴ <<http://www.avrupa.info.tr/Files/File/Publications-2006/brochures/AccessionBooklet.pdf>>

People between the ages of 50 and 59 have scored lower relativistic attitudes compared to people between the ages of 19 and 29. Most of the people between 50 and 59 are expected to be married and have children, therefore, expected to have a higher idealism score and with the concern for others (Forsyth, 1992). On the other hand, relativists are claimed to make individual judgments (Kolodinsky, 2010) which sound more like an attitude of the young generation.

Hypotheses Testing

There are mainly three groups of hypotheses; the first group tests the relation between Ethical Ideologies and overall CSR evaluation of the customer. Second group tests the relation between overall CSR evaluation and the dependent variables, and the third group measures the relation between CSR components and dependent variables.

Ethical Ideologies and overall CSR evaluation

187 out of 238 respondents appeared to be idealists, whereas, the number of relativists are 40 (see Table 18). Therefore, this can be a threat to the generalization of the results. As shown in Figure 12, there is no significant difference between idealists and relativists regarding the evaluation of CSR. In other words, the evaluation of CSR is not affected by the ethical ideologies of the customers.

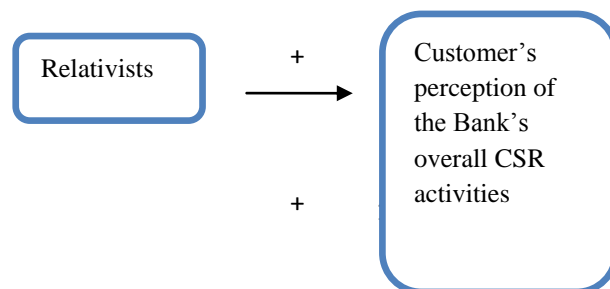




Figure 12. Relation between ethical ideologies and customer's overall evaluation of CSR

As summarized in Table 2, idealists are considered to have concern for others and look for a positive outcome for all parties involved (Forsyth, 1992). In addition to that, they think hurting someone is selfish and immoral (Gilligan, 1982, Henle et al., 2005).

Ability to develop empathy and adopt views of others (Davis, 2001) has led to suggestions that idealists will have more positive attitudes towards CSR (Etheredge, 1999; Singhapakdi et al., 1996). However, this does not appear to be the situation for the sample. The analysis results showed that there is no significant difference between idealists, relativists and customer's overall evaluation of CSR. In other words, being an idealist or relativist does not have a significant effect on CSR evaluations. Idealists and relativists both value CSR high since the overall CSR statement evaluations among the customers are above the average.

Overall CSR Evaluation and Dependent Variables

The relation between overall CSR evaluation of the customer and the dependent variables appeared to be significant for all hypotheses (see Figure 13) even though the variance explained is low for two of them (perceiving CSR as profitable and bank's promoting the usage of the Internet banking).

Overall CSR Evaluation and Overall Satisfaction with the Bank

The highest relation appears to be between overall CSR evaluation and overall satisfaction with the bank since the variance explained by CSR variable for overall satisfaction is 49%. This result supports the findings of the earlier studies in the literature by Luo and Bhattacharya (2006) and McDonald and Thiele (2008) which were suggesting a positive relation between CSR and customer satisfaction.

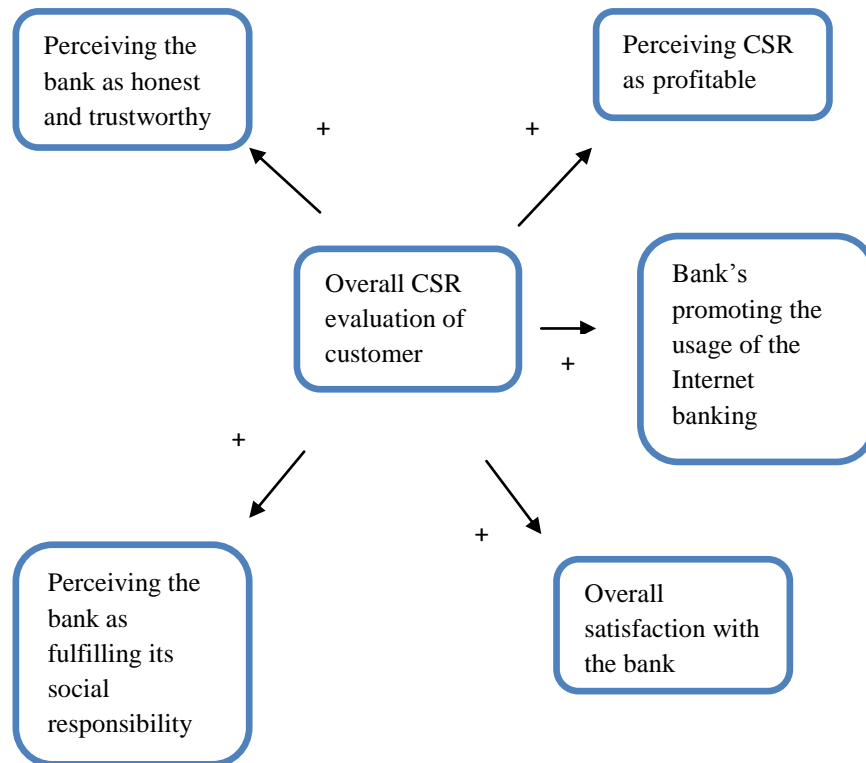


Figure 13. Relation between overall evaluation of CSR and dependent variables

Overall CSR evaluation and Perceiving the Bank as Honest and Trustworthy

Overall satisfaction has been followed by relation between overall CSR evaluation and perceiving the bank as honest and trustworthy (36%) and there is a significant relation between the two variables. There is a common belief among the customers that the companies which engage with good works in the society would not perform dishonest practices (Crouch, 2006). Thus, our results support the previous findings in the literature.

Overall CSR Evaluation and Perceiving CSR as Profitable

The findings have shown that there is a significant relation between overall CSR evaluation and perceiving CSR as profitable. Profitability can be put into the heart of the business because if the bank, as a profit oriented firm, is not making profit, it cannot stay in business. As stated before, the literature suggests CSR practices to create financial return in the end (Crouch, 2006) which will increase the participation. Therefore, our results fit with the previous suggestions of Crouch (2006).

Overall CSR evaluation and Perceiving the Bank as Fulfilling its Social Responsibility

As the customers scored high mean scores (mean>3,00) for the questions regarding CSR practices, it was expected to see a significant relation between overall CSR evaluation and perceiving the bank as fulfilling its social responsibility. This result supports the

literature that the customers value the CSR activities listed in this study. In other words, as the customers scored high means for the CSR components and also agreed that their banks are fulfilling its social responsibility that means the CSR activity statements that have taken from the literature actually address social responsibility in the eyes of the customers.

Overall CSR evaluation and Bank's Promoting the Usage of The Internet Banking

Even the variance explained by overall CSR evaluation on bank's promoting the usage of the Internet banking is low; the relation appeared to be significant. As stated before, providing the Internet services to the customers are the easiest way to decrease time consumption for the bank services and the amount of paper consumed for them. In addition to this, most of the respondents have stated that they receive more than 50% of their bank services via the Internet (61.3%) and the highest mean score among the dependent variable belongs to bank's promoting of the the Internet banking (mean=4.44). In other words, the responses for the two questions support each other.

CSR Components and Perceptions of the Bank Variables

All hypotheses that have been developed regarding the relation between customer's evaluation of CSR components and perceptions of the bank (dependent) variables have been supported by the findings.

The summary of the results have been provided in Table 39.

Table 39. Summary Table of the Relation between CSR Components and Dependent Variables

	Overall Satisfaction	Perceiving the bank as honest and trustworthy	Perceiving the bank as fulfilling social responsibility	Perceiving CSR as profitable	Bank's promoting the usage of the Internet banking
Customer	+	+	+	-	-
Economic-legal	+	+	+	-	-
Society-sustainability	-	+	+	+	-
Natural environment	+	+	-	-	+

CSR components and Overall Satisfaction with the Bank

Except the society-sustainability variable, CSR components have a significant effect on the overall satisfaction with the bank. This supports the earlier findings in the literature. Literature suggested, customer centric initiatives will take more attention by the customers (Pomeroy and Dulnicar, 2006). However, the results show that the economic-legal component has a higher effect on overall satisfaction with the bank variable compared to customer component.

Turkey has experienced a very big bank crisis in 2001 and the results of the crisis have showed the importance of the bank for overall economic activities. Many of the companies went bankrupt and banks active in the Turkish market ran out of business and/or needed to engage with each other in order to survive. This can be the very reason

why Turkish Banking customers valued the economic-legal statements more than the customer statements.

Manrai and Manrai (2007) have suggested that customers would prefer initiatives such as personnel-related considerations and financial considerations and these initiatives are listed in the economic-legal component of this study, therefore, the findings support the previous research in the literature.

CSR components and Perceiving the Bank as Honest and Trustworthy

According to the findings, the relation between perceiving the bank as honest and trustworthy and CSR components is significant and customers' responses regarding the customer and economic-legal components appear to have a significant effect on the dependent variable. Similar to its effect on the overall satisfaction with the bank variable, the economic-legal component appeared to have a much higher effect on perceiving the bank as honest and trustworthy variable. As mentioned by Davis (1960), businesses manage the economy and therefore, their initiatives regarding economic development affect the public welfare in many dimensions such as full employment and inflation. Legal initiatives such as "acting legally in all matters" and "avoiding unfair competition" lead the transparency of the bank. The mean score for "My bank acts legally in all matters" is 3.86 and it is also a proof how much the customer values this statement.

CSR Components and Perceiving CSR as Profitable

The results show that the society-sustainability component is the only variable which has a significant effect on perceiving CSR as a profitable variable. The philanthropic activities, cited as society-sustainability component in this study, aim to improve social natural environment such as poverty (Geva, 2008). Targeting the improvement of poverty means individuals to have more purchasing opportunity, in return banks will have more customers.

CSR Components and Perceiving the bank as Fulfilling its Social Responsibility

Except the natural environment variable, the other three CSR components have a significant effect on perceiving the bank as fulfilling its social responsibility. That means CSR components developed in the literature actually address the social responsibility practices of the customers. The results show, again, that the economic-legal variable has the highest impact on the dependent variable. As suggested by Porter and Kramer (2006), contributing to a prosperous economy is the most important thing the company can do for the society. The findings of the study support the suggestions provided by Porter and Kramer (2006).

CSR Components and Bank's Promoting the Usage of The Internet Banking

Only the natural environment variable appeared to have a significant relation with the bank's promoting the usage of the Internet banking. The reason why the the Internet banking has been placed in this study is the natural environment dimension of CSR. As stated in the Theoretical Framework section, we expected the customers who believe their bank to be effective in the Internet banking will evaluate their banks' natural environment practices highly.

Conclusion

In this research, the relation between customer's evaluation of the overall CSR practices of the banks and ethical ideologies, customer's evaluation of overall CSR practices of the banks and dependent variables, and customer's evaluation of CSR components and dependent variables have been measured. Out of eleven hypotheses that have been developed, only one of them was not supported.

It has been found out that there is no significant difference for the relation between overall CSR evaluation and ethical ideologies. In other words, both idealists and realists value CSR practices which do not support the previous findings in the literature. As it will be stated in the Limitations section, further research is needed to see if different bank customers will show the same results with Garanti and HSBC Bank

customers. There might be different dynamics in the Turkish Banking Market than the items that have been reached from the literature.

This study which has been held on the two banks that are active in the Turkish Banking Sector (Garanti and HSBC Bank) has shown that Garanti Bank customers value CSR practices more than HSBC customers do. As it will be stated in the Managerial Implications section in more detail, the managers of HSBC Bank should communicate their CSR practices more (they may be involved more in the sponsorship activities) to the customers in order to be valued as socially responsible since most of the respondents have given the feedback of not having enough information about the CSR activities of HSBC Bank. HSBC Bank may need to focus more on local needs rather than taking global initiatives.

CSR initiatives should provide a financial benefit on the bank's side in order to continue these practices. Garanti Bank customers have shown that they value the natural environment and society-sustainability components more, and in the end, as we have found a significant relation between the CSR activities and the dependent variables, it can be said that the CSR initiatives may have an effect on the customer size of the banks. While Garanti Bank has more than ten million customers as of June 2011²⁵ HSBC Bank has three and half million.

Implications

²⁵ http://www.garanti.com.tr/tr/yardim_ve_oneriler/sorular.page?faqName=garanti_bankasi_nin_ne_kadar_musterisi_var#calcContent=UID18a3811

As it was stated in Chapter 2, managers play an important role for CSR initiatives since they are the main decision making body of the company. Therefore, this section mainly focuses on the implications that should be addressed by the managers but it will also present some ideas to the customers and NGOs who want to increase the effectiveness of the CSR activities that are addressed by the banks.

1. Bank managers can use CSR as a strategic tool to increase customer satisfaction and loyalty and thus profit.

As discussed under the Stakeholder Management section in Chapter 2, business is a part of society and, it needs society support to survive, therefore, it should answer the society needs as well as fulfilling profit maximization for itself (Quazi and O'Brien, 2000; Carroll, 1979; Garriga and Melé, 2004). It has been suggested that managers who try to satisfy the interests of the different stakeholders actually don't harm the stockholders' interests (Bird et al., 2007) on the contrary creates positive outcome for all parties involved (Forsyth, 1992). It has been suggested the companies with high customer loyalty have high level of profit (Arguden, 2002).

Supporting the findings of Luo and Bhattacharya (2006), while the CSR activities that has been held by the bank while satisfying the customer also leads to a financial return at the end for the bank, in other words profit.

As there are fifty-one banks active in Turkey, customers have plenty of options to select from, therefore customer satisfaction is vital for the banks in order to differentiate themselves in the competitive business environment.

It has been also found out that customer satisfaction is highly affected by the CSR components, especially by the society-sustainability variable. This means if the managers focus on the CSR initiatives, they will be able to increase customer satisfaction, too. Satisfied customers mean that the customers will be willing to receive more services from that bank and in addition to that, they may also use the word-of-mouth and increase the overall customer number of the banks. Creating customer satisfaction is harder in service industries because “quality depends on the customer’s experience with delivery unlike products, services experienced while they are produced” (Metawa and Almosawi, 1998 p.300). Therefore, the sustainability of the service quality and initiatives in the society-sustainability variable that have been valued by customers such as improving the life standards of the employees and supporting cultural and sport activities are important to retain the present customers and gain new ones.

2. Banks should continue supporting economic growth and CSR initiatives targeting economy.

Banks are considered as the driving machine of the economy, that’s the reason why the respondents value the economic-legal variable of CSR more, compared to the others. Initiatives such as giving credits to SMEs and entrepreneurs, providing support to the sustainable growth of Turkey, avoiding unfair competition should be the fields that the banks should focus on. Offering credits is another important area.

Credit card is the most preferred service by the customers (91.6%). However, even though offering credit card services are profitable for the banks, the banks have a

social responsibility to warn the customers watch their way of spending.²⁶ That is, while the managers of the banks focus on spreading the credit card usage, they should also allocate sufficient resource to educate customers on the efficient usage of credit cards.

There are important opportunities in the Turkish market that needs to be considered for spreading the credit card usage. First, managers should consider the interests of their member stores in order to motivate the store personnel to use their bank's POS machine. Another thing is that a bank's POS machines are only working for a specific group of credit cards otherwise the customer cannot ask for an installment basis payment or earn bonus. Therefore, while the managers increase the number of member stores, they also need to come for a reasonable installment basis payment calendar for its customers. Another way to increase the number of customers is to make agreements with the large companies that are holding around five-hundred employees. Possibly, customers prefer to work with the banks where their monthly income is located.

Garanti Bank has a significant share in the segment of offering credits by 13.4% (Garanti Bank 2010 Sustainability Report). While contributing to the economic growth of Turkey by offering credits, banks may also enjoy being defined as socially responsible in the eyes of their customers.

3. Banks should communicate its CSR activities more to its customers.

Since CSR is a source of important competitive advantage and long-term organizational success (Porter and Kramer, 2006), banks should make sure that target customers are

²⁶ <<http://www.denizbank.com/kartlar/kredi-kartlari-kullanim-kilavuzu.aspx>>

aware and have knowledge of the bank's CSR initiative. In the meantime, these initiatives should be value creating for the customers, in other words, should be perceived as valuable.

Garanti Bank customers appear to value CSR initiatives more compared to HSBC Bank customers. Garanti Bank has very strong promoting strategies and they have a strong brand image in the eyes of the customers because of the awareness campaigns especially on sponsoring cultural and sport activities. As suggested in the literature, awareness on the customer side increases the positive pro-activity on the customers (Bhattacharya and Sen, 2004).

CSR activities such as supporting artistic, cultural, sports competitions, and donating money to the charities can easily be monitored by the bank customers and are very easy to be advertised by the banks. This monitoring may cause awareness in the eyes of the customer and lead them to work with that bank. Garanti Bank supports CSR with sponsorships which increase the visibility in the minds of their customers. HSBC Bank can be a strong bank on CSR attitudes as stated on their website; however, the managers of HSBC should focus on communicating its CSR activities if they want to improve their CSR brand image in the eyes of their customers.

Garanti Bank actually focuses very much in the society-sustainability field as they have been sponsoring film festivals, Turkish National Basketball team for many years. Bank management should have a money reserve for these initiatives and focus on the activities that create the highest communication strategy on the customers so that it will create the effective and efficient financial return at the end. Also, giving

scholarships to the students in need and hire those after graduation (if possible) may also lead the banks to create a return, even if it is not financial, for the banks in the end.

4. Banks should concentrate on using the Internet efficiently.

As there is a significant relation between environment and bank's promoting the usage of Internet Banking, it's beneficial for the banks to make their the Internet services as efficient and effective as they can. Bank industry has a high amount of paper consumption, where the customers need to take proofs for all bank services such as money transfer, credit card payment etc. Fulfilling these services on the Internet gives the customer the opportunity of saving the proofs of their transactions on the digital environment and to print it if it's really necessary.

5. NGOs and banks need each other.

Most of the banks are working with NGOs that are active in bank's area of CSR. The banks prefer working with the NGOs because NGOs focus on one specific topic and specialize on it. Thus, increase the effectiveness and efficiency of the project (Arguden, 2002). On the other hand, banks are an important source of finance for some NGOs.

Before asking financial or voluntary support from the banks, NGOs/institutions should first study the vision and mission of the bank to provide better project suggestions to the banks. It will be much easier for them to get the financial and voluntary support from the bank.

As suggested by the literature, the business and CSR project fit will be much meaningful (Porter and Kramer, 2006; Bhattacharya and Sen, 2004) if the target customer finds a personal connection between the cause and him/herself (Bhattacharya and Sen, 2004). For instance, the relation between Garanti Bank and WWF is successful since natural environment is an area appearing to have wide variety of industries. Garanti Bank has increased its awareness on the natural environment component (which has taken the highest score by its customers) with their activities for WWF.

During the exploratory studies, the project coordinator of Corporate Volunteer Association (*Özel Sektör Gönüllüleri Derneği*) has stated that the volunteer work (man power) is also important in order to fulfill CSR activities. NGOs/institutions may also advise the banks to introduce voluntary work hours for the employees, where these employees will be dismissed from their actual job to develop and implement projects for the whole good of the society.

6. Banks should find ways to encourage customers to participate in CSR activities.

Customers are the driving factor of the business and they appear to value CSR initiatives that are targeted by the banks. Some of the respondents have given feedback that they have never actually thought about how much their bank has been fulfilling in CSR environment. The findings show that customers value CSR practices (assuming the CSR activities of the bank are choice criteria for the customer). A bank can increase customer satisfaction and customer loyalty whereas increasing stockholder benefit (profit) using CSR activities as a strategic tool by increasing customer satisfaction and loyalty.

The purchasing power of the customer may lead to strategy changes of the banks. For instance, if efficient usage of electricity and water campaign of Finansbank strengthens customers' and employees' feelings of satisfaction and loyalty, thus, it has been expected competitors to follow similar strategies.

Banks frequently run satisfaction surveys among their customers and ask for their feedbacks. If the customers draw attention to charity events and CSR projects in these surveys, banks will try to improve themselves for these fields not to lose their loyal customers. Customers should not only ask the banks to address these social needs but support the banks, when they can.

Limitations of the Study and Recommendations for Further Analysis

Even though the sample data had a good distribution on the gender component (55.9% male, 44.1% female) age was not distributed equally. The respondents grouped around ages 19-29 (50.4%) and 30-39 (35.3%), therefore, this has limited us not to generalize the study results for the other age groups. Similarly, the results cannot be generalized for Elementary (0.4) and High School (13.0) graduates since not enough respondents have been reached for these groups. It is recommended to the future researchers to find more heterogeneous groups so that the results can be generalized for all bank customers. In addition, the difference between number of idealist (n=187) and relativist (n=40) was very high (see Table 18), therefore, the results for the ethical ideologies also cannot be generalized for these groups.

First hypothesis of this study “Idealist customers will have more positive evaluations regarding CSR activities of banks compared to relativist customers.” is a generally agreed hypothesis in the literature; however, it has been rejected in this study. According to the results, there is no significant difference between relativists and idealists regarding their attitude towards CSR. Due to the restrictions on the sample data (not having enough representatives of relativism), the idealism/relativism attitudes of the customers couldn't be defined. Therefore, further analysis could be made regarding the strength of relativism/idealism and following that research, a future analysis could be made in order to understand if the results were representing the general attitude of the Turkish Bank customers.

It has been found that the Garanti Bank customers are more idealists compared to HSBC customers. This could be because of the descriptive statistics of the sample; however, no additional analysis has been carried out in order to find the reason. Further analysis should be made in order to define the reasons behind this difference.

The responses of the survey have shown that people agree with idealism statements more. However, there is no significant difference on the effect of ethical ideologies on customer's CSR evaluations. As literature suggested, idealists value CSR components more favorably, but this doesn't mean that relativists will ignore CSR activities. Relativistic individuals also appear to show interest for CSR activities if it meets the needs of them (Kolodinsky et al., 2001). Forsyth (1992) states that relativism is the degree to which universal moral principles are avoided during decision making; therefore, this leads us to the thought that instead of considering the ethical ideologies of the customers, it's more important to consider the ethical ideologies of the management.

Therefore, it is recommended to the future research to focus on manager's point of view in the CSR and analyze the relation between manager's ethical ideologies and evaluation of CSR.

APPENDICIES

Appendix 1. Demographic Variables and CSR Components Summary Results

	Gender			Age			Income Level			Education Level			Faculty			Internet Banking Usage		
	Sig (2-tailed)	Std Error Difference		Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.
Customer Economic-legal	0,217	0,876		0,453	0,442	0,383	0,098	0,453	0,806	0,295	0,428	0,001	1,089	0,489	0,111	0,197	0,457	0,731
Environment	0,319	-0,06		0,706	0,209	0,019	0,114	0,223	0,601	1,556	0,207	0,001	0,493	0,24	0,131	0,303	0,211	0,233
Society-Sustainability	0,008	0,095		0,064	0,547	0,95	0,452	0,549	0,44	0,08	0,55	0,865	0,541	0,572	0,391	0,317	0,555	0,634
	0,05	-0,146		0,506	0,326	0,202	0,392	0,341	0,319	0,179	0,339	0,59	0,427	0,342	0,289	0,216	0,339	0,591

	Children			Marital Status			Number of years worked			Number of Services Taken			Total Number of Banks		
	Sig (2-tailed)	Std Error Difference		Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.	Mean Square Between Groups	Within Groups	Sig.
Customer Economic-legal	0,062	0,128		0,671	0,45	0,227	0,039	0,459	0,919	0,402	0,453	0,413	0,974	0,434	0,065
Environment	0,056	0,0713		0,251	0,218	0,318	0,391	0,218	0,169	0,429	0,216	0,14	0,273	0,217	0,287
Society-Sustainability	0,74	0,1		0,899	0,546	0,195	0,007	0,557	0,987	1,008	0,545	0,16	1,154	0,533	0,074
	0,31	0,0898		0,27	0,342	0,455	0,113	0,345	0,72	0,471	0,34	0,253	0,933	0,319	0,022

Appendix 2. Demographic Variables and Ethical Ideologies Summary Table Results

	Gender			Age			Income Level			Education Level			Faculty			Internet Banking Usage		
	Sig (2- tailed)	Std Error Difference	Mean Square		Sig.	Mean Square		Sig.	Mean Square		Sig.	Mean Square		Sig.	Mean Square		Sig.	
			Between Groups	Within Groups		Between Groups	Within Groups		Between Groups	Within Groups		Between Groups	Within Groups					
Idealism	0,029	0,064	0,155	0,252	0,608	0,679	0,249	0,068	0,296	0,252	0,31	0,52	0,256	0,134	0,306	0,252	0,305	
Relativism	0,842	0,091	1,773	0,462	0,01	1,235	0,486	0,081	0,723	0,483	0,226	0,17	0,562	0,739	0,508	0,489	0,377	

	Children			Marital Status			Number of years worked			Number of Services Taken			Total Number of Banks		
	Sig (2- tailed)	Std Error Difference	Mean Square		Sig.	Mean Square		Sig.	Mean Square		Sig.	Mean Square		Sig.	
			Between Groups	Within Groups		Between Groups	Within Groups		Between Groups	Within Groups		Between Groups	Within Groups		
Idealism	0,64	0,077	0,051	0,252	0,816	0,757	0,245	0,047	0,635	0,247	0,079	0,264	0,251	0,381	
Relativism	0,013	0,106	1,044	0,481	0,116	1,787	0,477	0,025	0,375	0,487	0,464	1,129	0,468	0,05	

Appendix 3. Questionnaire (Turkish)

Ön Yazı

Merhaba,

Boğaziçi Üniversitesi'ndeki Yüksek Lisans tezim kapsamında Türkiye'nin önde gelen bankalarından Garanti ve HSBC Bankası müşterileri üzerinde bir çalışma yapmaktayım. Ekte gördüğünüz anket üç bölümden oluşmaktadır: Bankanın sosyal sorumluluk faaliyetleri, etik ideolojiler ve demografik değişkenler. Ankete vereceğiniz cevaplar gizli tutulacak ve sadece akademik çalışmam kapsamında kullanılacaktır. Yardımlarınız için teşekkür ederim.

Saygılarımla,

Selen Zora

Anket

Bu anketin amacı; en çok çalıştığınız bankayı çeşitli açılardan değerlendirmemizdir. Araştırmadan elde edilecek veriler sadece akademik amaç için kullanılacaktır. Yüksek lisans tezi kapsamında yapılmakta olan bu çalışmaya cevaplarınızla vereceğiniz destek için teşekkür ederiz.

Geri bildirimleriniz için: Selen Zora – zselen@gmail.com

Bölüm 1 :

1. Son üç yıl içinde; en çok çalıştığım banka

2. Aşağıdaki cümlelere ne derece katıldığınızı en çok çalıştığınız bankayı göz önünde bulundurarak cevaplayınız:

	Kesinlikle katılıyorum	Katılıyorum	Ne katılıyorum/ ne katılmıyorum	Katılmıyorum	Kesinlikle katılmıyorum
Müşteri memnuniyeti bankam için çok önemlidir.					
Bankam hayır kurumlarına destek verir.					
Bankam çevreyi korumaya yönelik girişimleri destekler.					
Bankam her alanda yasalara uygun olarak hareket eder.					
Sosyal sorunların çözümüne katkıda bulunmak banka karlılığını olumlu etkiler.					
Bankam ekonomik gelişmeye katkıda bulunur.					

	Kesinlikle katılıyorum	Katılıyorum	Ne katılıyorum/ ne katılmıyorum	Katılmıyorum	Kesinlikle katılmıyorum
AB'ye giriş süreci, bankamın sosyal sorumluluk faaliyetlerini arttırmıştır.					
Bankam küçük ölçekli girişimcilere yönelik mikro kredi sunar.					
Bankam müşterilerini internet bankacılığı kullanmaya teşvik eder.					
Bankam sosyal sorumluluk programları için önemli miktarda para ayırır.					
Bankam hiç ayırım gözetmeksizin bütün müşterilerine kaliteli hizmet verir.					
Bankam devlete sosyal sorumluluk projeleriyle yardımcı olur.					
Bankam spor aktivitelerini destekler.					
Yasal prosedürlerde değişiklikler olduğunda bankam müşterilerini bilgilendirir.					
Bankam sosyal sorumluluk projeleri için sivil toplum kuruluşlarıyla birlikte çalışır.					
Bankamı güvenilir ve dürüst olarak tanımlarım.					
Bankam çevreye verdiği zararı azaltmak için projeler geliştirir.					
Bankam sanat ve kültür aktivitelerini destekler.					
Bankamın Türkiye'nin sürdürülebilir ekonomik büyümesine katkıda bulunmasını beklerim.					
Bankam gerektiğinde daha iyi hizmet vermek için rakipleriyle işbirliği yapar.					
Bankam çalışanlarını önemser ve yaşam standartlarını iyileştirmeyi hedefler.					
Bankam küçük ve orta büyüklükteki işletmelere (KOBİ) kredi sunar.					
Bankam çevre dostu finansal ürünleri destekler.					
Bankam istihdam olanaklarını arttırmak için yatırım yapar.					
Bankam eğitimi destekler.					
Bankam müşterilerden aldığı şikayetlere ve geri bildirimlere göre hizmetlerini düzenler.					

	Kesinlikle katılıyorum	Katılıyorum	Ne katılıyorum/ ne katılmıyorum	Katılmıyorum	Kesinlikle katılmıyorum
Bankam topluma karşı kar etmek dışında başka sorumluluklar taşır.					
Bankamın hedefi gelecek nesillere daha iyi bir dünya bırakmaktır.					
Bankam müşteri veritabanını sık sık güncelleyerek müşteri bazında özel teklifler sunar.					
Bankam haksız rekabetten kaçınır.					
Bankam sosyal sorumluluk faaliyetlerini yerine getirir.					
Bankamdan genel olarak memnunum.					

Bölüm 2 :

Aşağıdaki cümlelere ne derece katıldığınızı belirtiniz.

	Kesinlikle katılıyorum	Katılıyorum	Ne katılıyorum/ ne katılmıyorum	Katılmıyorum	Kesinlikle katılmıyorum
Kişi davranışlarının bir başkasına bilerek – az da olsa – zarar vermediğinden emin olmalı.					
Başkasını riske atmak riskin büyüklüğünden/küçüklüğünden bağımsız olarak hiçbir zaman hoş görülmemeli.					
Başkalarının uğrayabileceği zararın potansiyel varlığı, kazanılacak faydadan bağımsız olarak, her zaman yanlıştır.					
Kişi hiçbir zaman bir başkasına psikolojik veya fiziksel olarak zarar vermemeli.					
Kişi bir başka bireyin haysiyetini ve refahını herhangi bir şekilde tehdit edecek bir harekette bulunmamalı.					
Eğer bir davranış suçsuz birine zarar verebilecekse, yapılmamalı.					
Bir hareketi yapıp yapmamaya, hareketin olumlu ve olumsuz sonuçlarını tartarak karar vermek ahlak dışıdır.					
İnsanların haysiyet ve refahı her toplumda önemli bir kaygı olmalıdır.					
Başkalarının refahını feda etmek için hiçbir zorunluluk olamaz.					
Ahlaki hareket, “kusursuz” hareket idealine en çok yaklaşımdır.					

	Kesinlikle katılıyorum	Katılıyorum	Ne katılıyorum/ ne katılmıyorum	Katılmıyorum	Kesinlikle katılmıyorum
Hiçbir etik ilke bir etik belgesinde yer alacak kadar önemli değildir.					
Neyin etik olup olmadığı durumdan duruma, toplumdaki topluma değişir.					
Ahlak standartları kişiye özel kabul edilmelidir; bir kişinin ahlaki kabul ettiğini bir başkası ahlaklı bulabilir.					
Farklı ahlaki anlayışlar "doğrulukları" açısından karşılaştırılmaz.					
Neyin ahlaki veya ahlaklı olduğu bireye bağlı olduğundan, neyin herkes için etik olduğuyla ilgili sorular hiçbir zaman çözümlenemez.					
Ahlaki standartlar sadece o kişinin nasıl davranması gerektiğini gösteren kişisel kurallardır ve başkalarını yargılamak için kullanılamaz.					
Kişiler arası ilişkilerde etik kaygılar o kadar karmaşıktır ki, bireylerin kendi bireysel kodlarını oluşturmalarına izin verilmelidir.					
Belli davranışları önleyen bir etik tutumu kural haline getirmek daha iyi ve uyumlu insan ilişkileri önünde engel oluşturur.					
Yalana ilişkin genel bir kural oluşturulamaz; yalanın hoşgörülüp görülmemesi duruma bağlıdır.					
Bir yalanın ahlaki veya ahlaklı olarak görülmesi o hareketi çevreleyen koşullara bağlıdır.					

Bölüm 3 :

Cinsiyet	Kadın <input type="radio"/>	Erkek <input type="radio"/>
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Yaş	19-29 <input type="radio"/>	30-39 <input type="radio"/>	40-49 <input type="radio"/>	50-59 <input type="radio"/>	60+ <input type="radio"/>
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Eğitim Durumu	İlk Öğretim <input type="radio"/>	Lise <input type="radio"/>	Üniversite <input type="radio"/>	Yüksek Lisans/ Doktora <input type="radio"/>
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Üniversite mezunu iseniz;

Üniversiteniz: _____

Fakülteniz: _____

Bölümünüz: _____

Gelir	Gelirim giderimden Fazla <input type="radio"/>	Gelirim giderime eşit <input type="radio"/>	Gelirim giderimden az <input type="radio"/>
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Medeni Durum	Bekar <input type="radio"/>	Evli <input type="radio"/>	Dul/boşanmış <input type="radio"/>
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Çocuğunuz var mı?	Evet <input type="radio"/>	Hayır <input type="radio"/>
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Son üç yıldır çalıştığınız bankayla; kaç yıldır çalışıyorsunuz?	0-5 yıl <input type="radio"/>	5-10 yıl <input type="radio"/>	10 yıldan fazla <input type="radio"/>
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Son üç yıldır en çok çalıştığınız bankadan aşağıdaki hizmetlerden hangilerini alıyorsunuz?

Vadeli Hesap <input type="radio"/>	Vadesiz Hesap <input type="radio"/>	Yatırım Hesapları <input type="radio"/>
ATM Kartı <input type="radio"/>	Kredi Kartı <input type="radio"/>	
Para Transferi <input type="radio"/>		
Araba kredisi <input type="radio"/>	Ev kredisi <input type="radio"/>	Nakit kredi <input type="radio"/>
Bireysel Emeklilik <input type="radio"/>		
Otomatik Ödemeler <input type="radio"/>		
Kiralık kasa <input type="radio"/>		
Yatırım fonları (Hisse senedi, devlet tahlili, hazine bonosu) <input type="radio"/>		
Ödeme (çek/senet) <input type="radio"/>		

Toplam çalıştığınız banka sayısı: _____

Banka faaliyetlerinizin yüzde kaçını internet üzerinden yapıyorsunuz?	%10'dan Az <input type="radio"/>	%10 civarı <input type="radio"/>	%25 civarı <input type="radio"/>	%50'den fazla <input type="radio"/>
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Appendix 4. Questionnaire (English)

E-mail Body

Hello,

In the scope of my master thesis research at Bogazici University, I'm doing a research on customers of Turkey's leading banks Garanti and HSBC. The survey you may find in the attachment has 3 sections: The CSR activities of the banks, ethical ideologies and demographic variables. Your responses will be kept confidential and be used only for academical purposes. Thank you for your kind support.

Regards,

Selen Zora

Questionnaire

The objective of this questionnaire is to analyze the bank the customer mostly works with. The collected data will be only used for academic research. Thank you for your support to my master thesis by responding the following questions.

For feedback: Selen Zora – zselen@gmail.com

Section 1 :

1. For the last 3 years, I mostly work with _____ bank.
2. Please answer the following questions with the bank you're mostly working with:

	Strongly Agree	Agree	Not agree nor disagree	Disagree	Strongly disagree
Customer satisfaction is significantly important for my bank.					
My bank provides support for charities.					
My bank supports initiatives for environmental protection.					
My bank acts legally in all matters.					
Contributing to social problems has a positive impact on the profitability of my bank.					
My bank contributes to economic development.					
EU accession process has enhanced my bank's social responsibility activities.					
My bank offers microcredits to the small sized entrepreneurs.					

	Strongly Agree	Agree	Not agree nor disagree	Disagree	Strongly disagree
My bank encourages its customers to use internet banking.					
My bank provides high qualified service to all its customers.					
My bank helps the government with social responsibility projects.					
My bank supports sport activities.					
My bank fully informs its customers for the legal changes in the banking procedures.					
My bank partners up with NGOs for run social responsibility projects.					
I define my bank as a trustworthy and honest corporation.					
My bank develops projects to reduce its negative impact on environment.					
I expect my bank to contribute to sustainable economic growth of Turkey.					
My bank, when necessary, partners up with its competitors to provide better services.					
My bank cares about its employees' and aims to improve life standards.					
My bank offers credits to SMEs.					
My bank encourages environment friendly financial products. (e.g.use less PVC for ATM and credit cards)					
My bank invests to increase employment opportunities.					
My bank supports education.					
My bank changes its practices based on the complaints and feedbacks received from its customers.					
My bank supports artistic and cultural activities.					
My bank shows responsibilities to society other than making profit.					
I expect my bank to contribute to sustainable economic growth of Turkey					
My bank aims to provide a better world for future generations.					
My bank updates its customer database regularly in order to develop special offers for each customer.					
My bank avoids unfair competition.					

	Strongly Agree	Agree	Not agree nor disagree	Disagree	Strongly disagree
My bank fulfills its social responsibilities.					
Overall, I am satisfied with my bank.					

Section 2 :

Please define how much you agree with the following statements.

	Strongly Agree	Agree	Not agree nor disagree	Disagree	Strongly disagree
A person should make certain that their actions never intentionally harm another even to a small degree.					
Risks to another should never be tolerated. Irrespective of how small the risks might be.					
The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.					
One should never psychologically or physically harm another person.					
One should not perform an action which might in any way threaten the dignity and welfare of another individual.					
If an action could harm an innocent other, then it should not be done.					
Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.					
The dignity and welfare of people should be the most important concern in any society.					
It is never necessary to sacrifice the welfare of others.					
Moral actions are those which closely match ideals of the most "perfect" action.					
There are no ethical principles that are so important that they should be a part of any code of ethics.					
What is ethical varies from one situation and society to another.					
Moral standards should be seen as being individualistic; what one person considers to be moral maybe judged to be immoral by another person.					

	Strongly Agree	Agree	Not agree nor disagree	Disagree	Strongly disagree
Different types of moralities cannot be compared as to "rightness".					
Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.					
Moral standards are simply personal rules which indicate how a person should behave, and are not to be applied in making judgments of others.					
Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.					
Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.					
No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation.					
Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.					

Section 3:

Gender	Female <input type="radio"/>	Male <input type="radio"/>
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Age	19-29 <input type="radio"/>	30-39 <input type="radio"/>	40-49 <input type="radio"/>	50-59 <input type="radio"/>	60+ <input type="radio"/>
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Education	Elementary <input type="radio"/>	High School <input type="radio"/>	University <input type="radio"/>	Master/PhD <input type="radio"/>
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If you're a university graduate:

Your University: _____

Faculty: _____

Major: _____

Income	My income is more than my spending <input type="radio"/>	My income is equal to my spending <input type="radio"/>	My income is lower than my spending <input type="radio"/>
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Marital Status	Single <input type="radio"/>	Married <input type="radio"/>	Divorced <input type="radio"/>
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Do you have children?	Yes <input type="radio"/>	No <input type="radio"/>
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Considering the bank you've been working mostly for the last 3 years, please answer the following questions:

For how many years are you working with this bank?	0-5 years <input type="radio"/>	5-10 years <input type="radio"/>	More than 10 years <input type="radio"/>
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What kind of services are you receiving from this bank?

Deposit Account <input type="radio"/>	Drawing Account <input type="radio"/>	Investment Account <input type="radio"/>
ATM Card <input type="radio"/>	Credit Card <input type="radio"/>	
Money Transfer <input type="radio"/>		
Car loan <input type="radio"/>	House loan <input type="radio"/>	Cash loan <input type="radio"/>
Retirement plans <input type="radio"/>		
Automated payments <input type="radio"/>		
Cash Bank Rental <input type="radio"/>		
Investment Funds (Equity security, government bonds, treasury bill) <input type="radio"/>		
Payment (Bill/check) <input type="radio"/>		

Total number of banks you're working with _____

What percentage of banking services are you receiving via internet?	Less than 10% <input type="radio"/>	Around 10% <input type="radio"/>	Around 25% <input type="radio"/>	More than 50% <input type="radio"/>
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Appendix 5. Shares of the Banks active in Turkish Market¹

The following data has been reached from the official websites of the mentioned banks.

	Name of the Bank	Local Investment	Foreign investment	Other / Publicly Traded
Foreign Banks established in Turkey	Arap Türk Bankası A.Ş. (A&T Bank)	35%	65% Arab	
	ING Bank A.Ş.			
	Citibank A.Ş.		100% owned by Citigroup	
	Deutsche Bank A.Ş.			
	Fortis Bank A.Ş.		94.11% interest of Fortis Bank Turkey is owned by Fortis Bank Belgium.	
	HSBC Bank		100% HSBC Group	
	Millennium Bank		100% Millennium BCP Group	
Local Private Banks	Adabank A.Ş.	100% Sinpas Group		
	Akbank T.A.Ş.		20% Citi group	25% Publicly traded
	Alternatif Bank A.Ş. (Abank)	80% Anadolu Group		
	Anadolu Bankası A.Ş.	100% Habas Group		
	Birleşik Fon Bankası A.Ş.	100% oTMSF		
	Denizbank A.Ş.		99.79% Dexia Group (French & Belgian)	
	Finansbank A.Ş.	54% Fiba Holding	46% National Bank of Greece	
	Şekerbank T.A.Ş.		33, 98%, Pension Fund of the Bank;;	31, 96% Public 0,08% Private Sugar Factories and Beetroot Cooperatives and Union.
	Turkland Bank A.Ş. (T Bank)		81% Arab Bank PLC and BankMed SAL	
	Eurobank Tekfen A.Ş.	30% Tekfen Holding	70% Eurobank Tekfen	
	Tekstilbank A.Ş.	75.5% GSD Holding		24.5% publicly traded
	Turkish Bank A.Ş.	53.71% Özyol Holding	40% National Bank of Kuwait	6.29% Other
	Türk Ekonomi Bankası A.Ş.		84.25% TEB Financial Investments (50% owned by BNP Paribas) BNP Paribas became indirect shareholder by 42.13%),	15.63% publicly traded
Türkiye Garanti Bankası A.Ş. ²	24% Dogus Group	25% Banco Bilbao Vizcaya Argentaria S.A	51% other	
Türkiye İş Bankası A.Ş.	41.5% Isbank Private Pension Fund 28.1% CHP		30.4% publicly traded	

¹ As of January 29th, 2010

² Reviewed and updated on April 25, 2011 for the sake of the study.

	Name of the Bank	Local Investment	Foreign investment	Other / Publicly Traded
	Yapı ve Kredi Bankası A.Ş.	81.80% Koc Financial Services		% 18.2 Other
	Albaraka	11.62%	66.16%	22.22%
Non-interest Participation Banks	Bank Asya			48.39% publicly traded
	Türkiye Finans	owned by Family Finance (Ulker) & Anadolu Finance		
	Kuveyt Türk		62% Kuwait Finance House, 9% Kuwait Government Social Security Institution, 9% Islam Development Bank, 18% General Directorate of Foundations	2% other
	Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	100%		
Government Banks	Türkiye Halk Bankası A.Ş.			74.98% Privatization, 24.98% publicly traded
	Türkiye Vakıflar Bankası T.A.O.			75% Foundations, 25% publicly traded
	Calyon Bank Türk A.Ş.		French	
Foreign Investment Banks	Merrill Lynch A.Ş.		American	
	Taib Yatırım Bank A.Ş.		60% Dubai Holding's Dubai Financial Group	
	Aktif Yatırım Bankası A.Ş.	100% Calik Holding		
Private Investment Banks	Bank Pozitif	30.17% C Factoring	69.82% Tarshish Hapoalim and Investments (Israel)	
	Diler Yatırım Bankası A.Ş.	100%		
	GSD Yatırım Bankası A.Ş.	100% by GSD Holding		
	IMKB Takas ve Saklama Bankası A.Ş.	32.63% IMKB, 34.38% banks (19), and 32.89% intermediaries (66)		
	Nurol Yatırım Bankası A.Ş.	78% Nurol Holding, 16% Nurol Construction,		6% other
	Türkiye Sınai Kalkınma Bankası A.Ş.	50.1% Isbank Group, 8.38% Vakifbank,		33.42% publicly traded
	Name of the Bank	Local Investment	Foreign investment	Other / Publicly Traded
	İller Bankası	100%		

Government Investment Banks	Türk Exim Bank	100%		
	Türkiye Kalkınma Bankası A.Ş	100%		

Foreign Banks having branches in Turkey

- ABN AMRO Bank N.V. -
- Banca di Roma S.P.A.
- Bank Mellat
- Habib Bank Limited
- J P Morgan Chase Bank N.A.
- Société Générale (SA)
- WestLB AG

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