T.C.
BAHÇEŞEHİR UNIVERSITESI

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE REPUTATION RELATIONSHIP FROM INDIVIDUAL'S VALUE PRIORITIES

Master's Thesis

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ISTANBUL, 2012

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Thesis Supervisor: PROF. DR. SELIME SEZGIN

Co-Supervisor: PINAR KILIÇ

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Assist. Prof. Dr. Burak Küntay
Graduate School Director
Signature

I certify that this thesis meets all the requirements as a thesis for the degree of Master of Arts.

Dr. Selçuk Tuzcuoğlu
Program Coordinator
Signature

This is to certify that we have read this thesis and we find it fully adequate in scope, quality and content, as a thesis for the degree of Master of Arts.

Examining Comittee Members	Signature
Thesis Supervisor Prof. Dr. Selime Sezgin	-----------------------------------
Thesis Co-supervisor Pınar Kılıç	-----------------------------------
Member Assist. Prof. Dr. Elif Karaosmanoğlu	-----------------------------------

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ABSTRACT

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE REPUTATION RELATIONSHIP FROM INDIVIDUAL'S VALUE PRIORITIES

Gözde Arıkol

Marketing Management Graduate Program

Thesis Supervisor: Prof. Dr. Selime Sezgin
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After globalization and technological developments, the world has become a global village that all the elements of it are interrelated to each other. In this information age, business eventually understood –or had to understand- that they have responsibilities to the individuals to the world and to the future generations. Sustainability, corporate citizenship, corporate social responsibility (CSR) concepts evolved and corporations had to start reporting their efforts about these issues. Reputation also became a significant asset for differentiation and gaining competitive advantage for the companies in this rapidly changing global environment.

In this study, CSR, corporate reputation and their relationship have been analysed in detail. A research has also been conducted in order to determine this relationship from the value theory context. It is seen that value priorities of individuals play an influential role in CSR actions, influencing to the essence of certain reputation stories in the corporate context.

Key Words: Corporate Social Responsibility (CSR), Corporate Reputation, Value Theory

ÖZET

KURUMSAL SOSYAL SORUMLULUK VE KURUMSAL İTİBAR İLİŞKİSİNDE BİREYLERİN DEĞER ÖNCELİKLERİ

Gözde Arıkol

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Dünya, globalleşme ve teknolojik gelişmeler sonrasında, tüm unsurların birbiriyle etkileşim içinde bulunduğu bir global köye dönüşmüştür. Bu enformasyon çağıyla birlikte, iş dünyası da tıpkı insanlar gibi gelecek nesillere ve dünyamıza karşı sorumluluklarının bulunduğunu nihayet anlamış ya da anlamak durumunda kalmıştır. Sürdürülebilirlik, kurumsal vatandaşlık, kurumsal sosyal sorumluluk gibi kavramlar gelişmiş ve kurumlar bu konularla ilgili çabalarını raporlamak zorunda kalmışlardır. İtibar kavramı da, bu hızla değişen global ortamda şirketlerin farklılaşması ve rekabet avantajı kazanmaları açısından önemli bir kıymet haline gelmiştir.

Bu çalışmada, kurumsal sosyal sorumluluk, kurumsal itibar ve her iki kavramın birbirleriyle olan ilişkileri detaylıca incelenmiştir. Söz konusu ilişkiyi değer teorisi bağlamında saptamak amacıyla bir de araştırma gerçekleştirilmiştir. Kişilerin değer önceliklerinin, kurumsal sosyal sorumluluk faaliyetlerini ve kurumun itibarını değerlendirmede önemli bir rol oynadığı görülmektedir.

Anahtar Kelimeler: Kurumsal Sosyal Sorumluluk, (KSS), Kurumsal İtibar, Değer Teorisi

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ABBREVIATIONS

AA1000APS	:	AccountAbility Principles Standard
AMAC	:	Most Admired Companies in America
BSCI	:	Business for Social Compliance Initiative
CED	:	Committee for Economic Development
CERES	:	Coalition for Environmentally Responsible Economies
CRT	:	Caux Round Table
CS	:	Corporate Sustainability
CSA	:	Corporate Societal Accountability
CSP	:	Corporate social performance
CSR	:	Corporate Social Responsibility
CSRI	:	Corporate Social Responsibility Index
CSRO	:	Corporate Social Responsibility Orientation
ÇYDD	:	Çağdaş Yaşamı Destekleme Derneği (Association in Support of Contemporary Living
EC	:	European Commission
EU	:	European Union
ESG	:	Environmental, Social and Governance
FMCG	:	Fast Moving Consumer Goods
FSC	:	Forest Stewardship Council
GDP	:	Gross domestic product
GRI	:	Global Reporting Initiative
HBR	:	Harvard Business Review
ILO	:	International Labour Organization
IPRA	:	Institute of Public Relations
ISO	:	International Standard Organization's
MNC	:	Multinational Companies
NGO	:	Non-governmental Organizations
OECD	:	The Organization for Economic Cooperation and Development
P&G	:	Procter and Gamble
RI	:	Reputation Institute
RQ	:	Reputation Quotient

R&D	:	Research and Development
SAAS	:	Social Accountability Accreditation Services
SAI	:	Social Accountability International
SR	:	Social Responsibility
SRI	:	Socially Responsible Investing
TBL	:	Triple Bottom Line
TEMA	:	Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats
TOBB	:	Union of Chambers and Commodity Exchanges of Turkey
UN	:	United Nations
WBCSD	:	World Business Council for Sustainable Development
WEPR	:	Women Executives in Public Relations

1. INTRODUCTION

With the development of technology, the usage of communication vehicles and the voice of communities with activist groups have increased rapidly. This evolution forced companies to avoid negative behaviour and act as being more attentive, conscientious and responsible. As the markets have become global and more competitive, CSR and reputation have become even more important sources of differentiation for companies (Peloza 2005, p.8) because of the very similar products and services that consumers can hardly distinguish (Fombrun& van Riel 2004, p.5) and CSR is not only a significant tool for community commitment, but also a dimension of corporate reputation (Fombrun 1996). Reputation is a tough and long run challenge for today's companies but also the most precious value that they could have.

Evidences show that public trust in the private sector in the post-financial crisis era is very low (Edelman Trust Barometer 2009). Corporate reputation is the shared values of the company by its stakeholders that drive the trust, confidence, and support an organization can expect from the reputation held by a person. When there is a good fit between stakeholder values and the corporate image, the organization's good reputation may become a super brand (Dowling 2001, p.19). The company is now respected and held in high esteem. This in turn leads to high levels of confidence, trust and support among stakeholders which creates the strategic competitive advantage and sustainability.

In this study, CSR, corporate reputation and their relationship has been examined in detail. In the first chapter; CSR concept has been discussed with its historical background, current implementation and future prospects. Reporting issues have been emphasized as today's most popular agenda about the debate. Companies' responsibilities to their stakeholders and the values of these stakeholders have been analysed in CSR context.

In the second chapter, reputation, its formation, advantages, constituents and again the controversial issue –measurement of reputation- are discussed in detail. Its strong relationship with CSR has also been emphasized in this chapter.

Finally in the third chapter a research has been conducted to examine the relationship between CSR and corporate reputation from the viewpoint of value theory based on the study of Siltaoja (2006).

The purpose of the study was to form categories of value priorities around CSR and reputation. It is suggested that value priorities play an influential role in CSR actions, influencing the essence of certain reputation stories in the corporate context.

CSR & reputation relationship have been examined from the value priorities of the internal stakeholders -employees- of a giant global FMCG company, Procter and Gamble (P&G) with a qualitative study. The link between CSR and corporate reputation is closely associated with employees' own value priorities and depends on the overlap between corporate actions and individual's own valuations as constructed entities. It is proposed that value priorities within the context of CSR and reputation have a function: they form the basis of CSR actions and are the criterion to evaluate the appropriateness of these actions for similarly affecting the reputation of the company.

2. CORPORATE SOCIAL RESPONSIBILITY

2.1 DEFINITION OF CSR

Academics have had an interest in the concept of CSR for close to fifty years (Carroll 1999, p. 268) but the definition of CSR differs from one corporation/ scholar/ practitioner to another. Beside this, the concept and the definition of CSR evolve as a living organism.

Friedman’s (1970) 'The Social Responsibility of Business is to Increase it’s Profits' quote is one of the most discussed approaches about the debate. According to Friedman; CSR aims to increase the profit while respecting the rules of the business (Salmones, Crespo& Bosque 2005, p.370). It’s known that the concept was mostly related with economic aspects, understood as the company’s obligation to maximise shareholder value (Zenisek 1979). According to Drucker (1984, p.62), profitability and responsibility were compatible notions and businesses have to transform its social responsibilities into business opportunities. He stated that “The proper social responsibility of business is to tame the dragon that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth”

There are also many CSR definitions and approaches that has broader views and social impacts. CSR is a commitment from companies to produce some form of social or environmental benefit, which goes beyond merely the basic compliance with the law (Mcwilliams& Siegel 2001; Carroll 1979; Davis 1973). Blowfield and Frynas (2005, p.503) suggest that CSR should be viewed as an umbrella term rather than as one distinct and clearly defined concept.

Smith (1994) has added value to the debate and ‘corporate citizenship’ and the ‘new corporate philanthropy’ has been described by him in his own published ‘Corporate Philanthropy Report ‘and also in Harvard Business Review (HBR). According to Smith, "philanthropic and business units have joined forces, to develop strategies that increase their name recognition among consumers, boots employees productivity, reduce Research and Development (R&D) costs, overcome regulatory obstacle, and foster synergy among business units" (Smith 1994, pp.105-107). He states that the strategic use of philanthropy has given the companies a powerful competitive edge. Kotler's (2005, p.3) view of CSR is one of the most used definitions in all; CSR is a "commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources."

Corporations, Non-governmental Organizations' (NGO) and other institutions also define their own CSR approaches as summarized below:

European Commission's (EC) (2001, p.366) historical definition of CSR is "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". World Business Council for Sustainable Development's (WBCSD) definition reflects the council's focus on economic development as "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (Kotler& Lee 2005, p.3).

The voluntary International Standard Organization's (ISO) 26000 (2010), Guidance on Social Responsibility which is a brand new standard that aims to be a first step in helping all types of organizations in both the public and private sectors to consider implementing ISO 26000 as a way to achieve the benefits of operating in a socially responsible manner defines CSR as:

> *Responsibility of an organization for the impacts of its decisions and activities (include products, services and processes) on society and the environment through transparent and ethical behaviour that:*
> *i contributes to sustainable development, including the health and the welfare of society;*
> *ii takes into account the expectations of stakeholders;*
> *iii is in compliance with applicable law and consistent with international norms of behaviour and*
> *iv is integrated throughout the organization and practised in its relationships (organization's activities within its sphere of influence.*

European Commission's 2011 communication puts forward a new definition of CSR as "the responsibility of enterprises for their impacts on society". Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their CSR, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

i maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;

ii identifying, preventing and mitigating their possible adverse impacts (EC Communication 2011, p.681).

It seems that the debate has come too much far away from Freidman's (1970) definition. CSR is still being defined and interrogated by the scholars, practitionars, companies, organsations, corporations, governments, NGO's, institutions and every related side of the notion. Whatever the definition used, CSR is all about business performance in a variety of social and environmental topic areas that usually embrace issues of diversity, philanthrophy, corporate citizenship, accountability, socially responsible investing (SRI), compliance, environment, human rights, workplace issues, business ethics, sustainability, community development and corporate governance (Carroll 2007, p.125). It is seen that there are many terms that are used instead of CSR or relevant with it.

2.2 CONCEPTS RELATED TO CSR

Some concepts related to CSR, or being used interchangeably will be described in order to have a deeper understanding about the debate.

2.2.1 Business Ethics

Business ethics can be defined as "the study of business situations, activities and decisions where issues of right and wrong are addressed" (Crane& Matten 2006, p.5).

Sharp is the one who has first started teaching a course in business ethics at the University of Wisconsin in 1913 and the first published textbook on business ethics was in 1937 by Sharp and Fox (Ferrell 2007, p.6). The book was based on the concept of 'fair service' and the authors stated "it will be possible to reduce our study of fair service to the principles of fair salesmanship" (Sharp& Fox 1937).

In 1960's United States (U.S.), anti-business attitudes, growth of ecological problems, rise of consumerism, President John F. Kennedy's "Special Message on Protecting the Consumer Interest," in which he outlined four basic consumer rights: the right to safety, the right to be informed, the right to choose, and the right to be heard (Consumers' Bill of Rights) were the matters that put the 'business ethics' more apparent (Ferrell, Fraedrich& Ferrell 2005). During this period of time, Bartels (1967) contributed the first comprehensive model for ethics in marketing. This academic conceptualization has tried to determine the logical basis for marketers to determine what is right or wrong. It presented a schematic plan for analyzing the variables inherent in the ethics of decision making; and suggested a framework for ethics in marketing.

According to Hunt& Vitell (1986), research on ethical problems in marketing has hardly been a neglected area. Murphy& Laczniak (1981) list almost 100 articles dealing with the subject and seven major streams of researches can be identified in these studies. In the 1980s, business academics and practitioners acknowledged business ethics as an important field of study. Ferrell& Gresham (1985) emphasized the interaction of the individual and organization, including organization culture, co-workers, and opportunity to explain how ethical decisions are made. Hunt& Vitell's (1986) "A General Theory of Marketing Ethics" is widely accepted and also provided an empirically grounded model to illustrate how ethical decision making occurs in an organization. Research followed in both marketing and management literature that helped test the Ferrell& Gresham and Hunt& Vitell models (Hunt& Vitell 2006).

In the 1990s, in order to take action to prevent the organisation's misconduct, the government supported and rewarded the ethic programs. While the regulatory system was trying to develop the infrastructure, Hunt, Wood& Chonko (1989) conducted research demonstrating a strong link between corporate ethical values and organizational commitment in marketing.

As the 21st century arrived, ethics became a significant matter with Enron, WorldCom, Tyco, Qwest, Sunbeam, and Arthur Andersen scandals. In spite of these, between 2000 and 2006 the Journal of Marketing published no articles with the word 'ethics' in the title, but articles did appear dealing with ethical issues (Klein, Smith& John 2004).

After more than five decades of debate, many issues about ethics have been discussed in the academic literature till today. Anyhow, business ethics can be seen as a sub-field of CSR. CSR is the activities that corporations undertake to fulfill the society's expectations and business ethics is the analytical tool to understand, conceptualise and legitimise the moral status of corporate policies, strategies and programmes. While CSR is mostly seen as tangible corporate practices, business ethics is about the values driving business decisions. It can be said that business ethics underlie the values, decisions and processes in the context of CSR (Crane& Matten 2006, p.5).

2.2.2 Corporate Social Performance

Corporate social performance (CSP) is defined as "a business organisation's configuration of principles of social responsibility, processes of social responsiveness, and observable outcomes as they relate to the firm's human, stakeholder, and societal relationships" (Wood 1991, p.693).

According to the CSP concept, business is a social institution with many responsibilities that must use its power for the wellbeing of all the stakeholders and societies. Each enterprise runs in a wide social network, and CSP provides a way of assessing each one's inputs, processes, and outcomes with respect to that network. It emphasizes self - regulation instead of just focusing on shareholder value. Wood's model on which the above definition is based, provides a systems approach to understanding CSP. Following her definition as a guide, Wood (1991) constructed the CSP model as out- lined in Table 2.1.

Table 2.1: Wood's model of CSP

Principles of corporate social responsibility:
• Institutional principle: privacy • Organizational principle: public responsibility • Individual principle: managerial discretion
Processes of corporate social responsiveness:
• Environmental assessment • Stakeholder management • Issue management
Outcome of corporate behaviour:
• Social impacts • Social programs • Social policies

Source: Wood, D.J. (1991) Corporate social performance revisited

However, Carroll (1978) defines CSP as the company's economic, legal, ethical, and social responsibilities to society which organized from most to least important. "CSP forms a systematic intellectual framework for grasping the structure of business and society relationships. In practice, it is a generalised template for assessing how firms identify and fulfill their responsibilities to individuals, stakeholders and societies" (Wood 2007, p.122).

2.2.3 Corporate Philanthropy

"Philanthropy is an altruistic action designed to promote the good of society" (Kotler& Lee 2005, p.144). It is a direct contribution to a charity or cause, usually with cash grants, donations or services. As the most traditional of all corporate social initiatives, it has been the major source of support for the communities about health, education, arts and environment.

In the context of CSR, philanthropy falls into the social sphere, but it is not seen as a core operation of a company. As long as it contributes to society's well being and have a potential for greater impact, its core operations are CSR's primary focus. In Carroll's model, philanthropy is the last step after the more operational aspects of CSR which are economic, legal and ethical responsibilities, in order.

"Porter& Kramer (2002) have given this concept more structure and credibility and with considerably less malice directed towards CSR" (Visser 2010). In their 2002 HBR article, 'The Competitive Advantage of Corporate Philanthropy', Porter& Kramer (2002, p.76) argue that:

> *Increasingly, philanthropy is used as a form of public relations or advertising, promoting a company's image through high-profile sponsorships. But there is a more truly strategic way to think about philanthropy. Corporations can use their charitable efforts to improve their competitive context – the quality of the business environment in the locations where they operate. Using philanthropy to enhance competitive context aligns social and economic goals and improves a company's long-term business prospects. Addressing context enables a company not only to give money but also leverage its capabilities and relationships in support of charitable causes.*

Philanthropy in a CSR context can be an ideal way for monetary support or as lending other voluntary expertises to the communities. It can be measured and formalised to achieve maximum effectiveness like any other corporate activity. Corporations with strategic philanthropic programmes enjoy the benefits of 'giving' rather than having an added expense (Cohen 2007, p.365).

2.2.4 Corporate Citizenship

"Corporate citizenship can be defined as extending the relationship between business and society to include an understanding of the social, environmental and political responsibilities of business" (McIntosh 2007, p.97). According to the corporate citizenship concept, companies also have rights, duties and responsibilities in society like the individuals. This striking notion is radical for many practionars which means the rewriting of the rules of business.

The term first began to be used by corporations and the business press in the U.S. in the 1980s, and has since become a popular way of labeling the social responsibilities and behaviors of corporations (Altman& Vidaver-Cohen 2000). According to Zadek (2001, p.7), “corporate citizenship is about business taking greater account of its social and environmental –as well as financial- footprints”.

In the book Corporate Citizenship, McIntosh, Leipziger, Jones& Coleman (1998) and again in Living Corporate Citizenship, McIntosh, Thomas, Leipziger& Coleman (2003) said that the first priority of a good corporate citizen is that it should be able to articulate its role, scope and purpose. This means that a good corporate citizen must understand all its internal and external impacts, and take responsibility for what previously may have been regarded as externalities if it is needed.

Wood (2006) and others have broaden the concept to ‘global business citizenship’. A global business citizen “is a business enterprise (including its managers) that responsibly exercises its rights and implements its duties to individuals, stakeholders, and societies within and across national and cultural borders (Wood et.al. 2006)”. However, ‘corporate citizenship’ is usually used as a synonym for CSR. It is also sometimes conflated with business ethics and corporate governance (McIntosh 2007 p.98).

2.2.5 Corporate Accountability

“Accountability is a concept in ethics with several meanings, often used synonymously with such concepts as answerability, responsibility, liability and other terms associated with the expectation of account giving” (Sillanpää 2007 p.4). AccountAbility has defined the term as having three dimensions: compliance, transparency and responsiveness. As an aspect of governance, it has risen to be one of the central debating points in the political, civil society and corporate arenas.

Accountability and responsibility concepts are often used synonymously in the accounting literature and very little definitional agreement exists (Lindkvist& Llewellyn

2003). Accountability is frequently associated with the execution of responsibilities and being answerable for them (Alexander 1996 in Demirag 2005).

Jordan& Tuijl (2000 in Demirag 2005) describe accountability and responsibility as; accountability has formal obligations embedded within its definition where responsibility is a normative concept. Bovens (1998 in Demirag 2005, pp.30-31) defines accountability as “a form of responsibility that meets two criteria: blameworthiness and choice on the part of the individual being held to account”. In contrast, Dubnick (1998 in Demirag 2005, p.12) regards responsibility as a subtype of a more general concept of accountability (Demirag 2005, pp.11-12). According to Demirag (2005, p.12), “management of companies for sustainable development or social corporate accountability cannot rely only on ‘good governance’ or ‘state regulations’”.

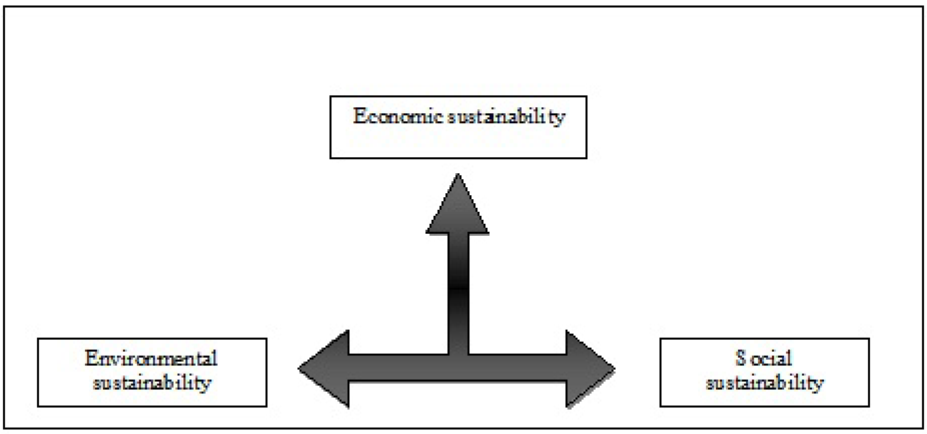
The significance of networks between markets, states and civil societies are increasingly in concern. Better governance mechanisms are being searched in order to provide a better communication with all the stakeholders (Demirag et al. 2000). The effort to have this improved relationship between businesses, states and civil society is complex but also a dynamic process (Clark& Demirag 2002, Demirag& Solomon 2003). Demirag suggests that the relationship between governance systems and socially responsible behaviour or sustainable investments is problematic. He states that “the modernization by governments and various New Public Management reforms have been adopted in a variety of jurisdictions on the assumption that such changes would result in greater transparency, social responsibility, democracy and ethical behaviour in both private and public sectors” (Demirag et al. 2004). Dubnick (2002) argues that accountability-based reforms have been used as the solution for the problems of governance without recourse to empirically grounded and tested theory. Therefore Demirag concludes that governance and accountability concepts are still very complex and also their relationships with CSR, sustainability and other socially desirable objectives may be questionable.

2.2.6 Sustainability

Corporate Sustainability (CS) arose out of the environmental movement and in particular the Brundtland definition that emerged in 1987 from the World Commission on Environment and Development. Its widely quoted definition is: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs "(Brundtland Comission Report 1987, p.43).

The ideas behind sustainable development go back to the eighteenth and nineteenth centuries to the preservation and conservation movements. Today, it is a popular and controversial concept, which is relatively similar or overlap with notions of human development, sustainable development, corporate citizenship, social responsibility, social justice, environmental management, ethics and stakeholder management. "The most important characteristic of sustainability is its widely acknowledged tripartite core structure, embracing an economic, a social and an environmental dimension, sometimes also referred to as 'pillars'(Holme& Watts 2000, p.4). " The three pillars of Sustainable development is shown in Figure 2.1.

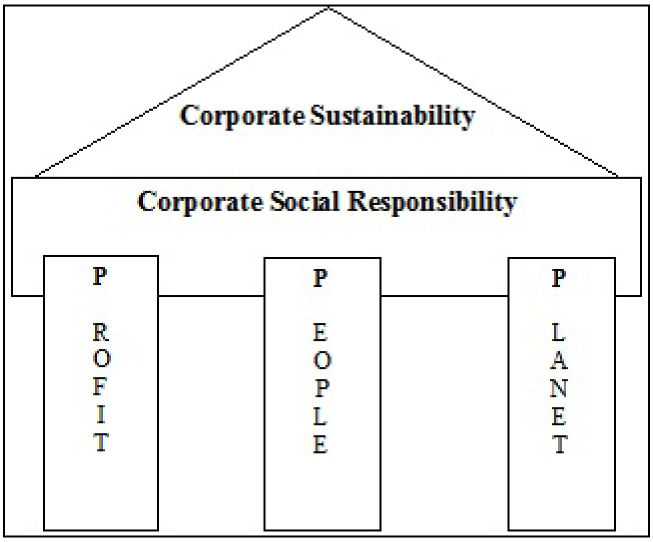
Figure 2.1: Three pillars of sustainable development



Source: W.M. Adams, 2006, The Future of Sustainability: Re-thinking Environment and Development in the 21st Century, Report of the IUCN Renowned Thinkers Meeting

The relation between CSR and CS is still a subject of debate in contemporary literature. CSR focuses on the companies and its stakeholders whereas the sustainability suggests a wider stakeholder notion that takes into account today's and future generations' welfare. Marrewijjk (2003) suggests CS as an evolution of CSR as it introduces a notion of responsibility extended to society as a whole. He refers to a group of scholars who focused on the reformulation of the concept of CSR in terms of CSA, where the two terms societal and accountability are aimed at introducing responsibility towards society as a whole. He also constructs a hierarchical relation between CSR and sustainability and suggests CSR as an intermediate stage where companies learn to balance their economic, social and environmental efforts. The relationship is shown in Figure 2.2.

Figure 2.2: Profit/Planet/People: relation between CSR and CS



Source: Erasmus University, Wempe & Kaptein 2002 in Marrewijk 2003, p.101

Some scholars defend that sustainable development concept goes beyond the tripartite core of economic, social and environmental issues and principles (Steurer, Langer, Konrad& Martinuzzi 2005, p.269). They draw attention to some issues about the conceptual character like the participation or the integration of the three dimensions. They see some issues relevant for all three dimensions which do not fit into just one of them. They subsume them in a fourth dimension as second-order issues such as transparency and participation, reflectivity, integration and intergenerational equity.

Sustainability is not an objective, scientific or neutral concept; it is a normative or subjective topic that contains a set of implicit or explicit values. It also can be defined as a values-laden umbrella concept between the environment and society where the human needs are met and managed without destroying the ecosystems on which we depend (Visser 2007, p.445).

2.2.7 Triple Bottom Line (TBL)

The CSR perspectives are also referred to as the 'triple bottom line' and are widely used in the contemporary CSR debate. 'Planet' refers to sustainability, 'people' refers to a changing social responsibility and 'profit' refers to the business results. John Elkington has launched the concept in the mid 1990's. This perspective has gained widespread acceptance, raised the awareness and helped the positioning of CSR in organizations (Jonker& Witte 2006, p.4). The TBL approach was discussed in detail in Elkington's book Cannibals with Forks (1997) and has been further elaborated both in hundreds of company reports aligned with the Global Reporting Initiative (GRI) and in a growing number of books. The 'People, Planet, Profit' concept is also being used as 'People, Planet, Prosperity'.

2.2.8 Corporate Legal Compliance

Legal compliance refers to "organisational behaviour which respects the letter and the spirit of the laws under whose jurisdiction the organisation falls" (Matten 2007, p.311). Legal compliance is a controversial concept in CSR context because CSR is seen as the voluntary actions of companies for some scholars. However, Carroll's (1979, 1991, 1993) CSR approach includes the legal responsibilities as a key component, suggesting that legal compliance is also a voluntary activity.

There are different situations and cases that infringements are difficult to discover or because of the existence of the poor governance. The voluntary nature of compliance becomes an even more significant topic for the companies and their suppliers because of these noncompliances.

Therefore, “legal compliance is also a CSR issue in respect of compliance with voluntary codes of conduct and other self -regulatory instruments which – once voluntarily adopted – demand compliance as a mandatory element” (Matten 2007, p.311).

2.2.9 Corporate Governance

Corporate governance “is the systems and structures through which companies are directed and run” (Goldschmidt 2004). Governance is a system and process by which an organization is to operate. It is an established and agreed structure in which the goals are to be met. The concept of governance is related with many principles like accountability, transparency, participation, responsiveness, equity and the rule of law. The concept derives from the assumption that all organizations have the need to benchmark their actions against governance standards (Jones 2009).

“The principles of good governance and the best practices to observe these principles have virtually become universal” (King 2007, p.114). It is seen that corporate governance and responsible management of financial risks are the main topics of business and CSR because of the financial crisis in such an interconnected world.

2.3 HISTORY OF CSR

CSR concept has a long and varied history. Business communities had concerns for the society for centuries but according to Carroll it is largely a product of the 20th century, especially the past fifty years (Caroll 1999, p.268). However the term was initially referred as social responsibility (SR) instead of CSR because the modern corporation’s prominence and dominance hadn’t yet been occurred or noted in the business sector at the ages.

2.3.1 From 50's to Today

In 1950's world, several hundred large corporations were the vital centers of power and decision making while touching the lives of citizens at many points. This belief of Howard R. Bowen (1953, p.6) made him ask the question "What responsibilities to society may businessmen reasonably be expected to assume?" With this concern about the 'responsibility of a businessman', he was the one who first used the concept and defined SR in his book 'Social Responsibilities of Businessmen' as:" It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen 1953, p.6).

It is seen that 'CSR as a social obligation' is the first conceptual viewpoint that has emerged the debate (Maignan& Ferrell 2004, p.17). The same view has been advocated in later conceptualizations (e.g., Carroll 1979) and contemporary marketing studies (e.g., Brown& Dacin 1997; Sen& Bhattacharya 2001). In 1960s, Davis (1960, p.70) was one of the first and most prominent writers of SR who defined the social responsibility as " businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest". It was important that the CSR term is being seen in a managerial context. Davis became well known for his views on the relation between social responsibility and business power and his views became commonly accepted in the late 1970s and 1980s. Carroll considered Bowen as the 'father of CSR' while naming Davis as the 'runner up to Bowen' because of the contributions of their early definitions to the debate (Caroll 1999, p.271).

Frederick (1960, p.60), who was another major contributor in 1960s, described the SR as "social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms".

Harold Johnson in 1971 (p.50) stated “A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation”. He was the one who has first defined the CSR with ‘stakeholders’ by naming several of these specific interest groups and also the one who has gained not only support but also reactions in 1980’s with this aspect. According to Carroll (1999, p.291), the most notable contributions to the definitional construct during the 1970s included the works of Johnson, the Committee for Economic Development (CED), Davis, Steiner, Eells& Walton, Sethi, Preston& Post, and Carroll himself.

Among all these precious contributors to the debate, it is known that the most cited definition within CSR since 1979 was Carroll’s own approach. His famous CSR Pyramid reflects economic, legal, ethical and philanthropic responsibilities imposed to companies. Carroll also renamed his CSR model to describe ‘four faces of corporate citizenship’ which also reflects certain ambiguity in CSR terminology (Siltaoja 2006, p.93).

One of the most important critics to the debate was in 1970’s by Milton Friedman as mentioned before. He published his article ‘The Social Responsibility of Business is to Increase Profits’ in New York Times Magazine. Friedman - era’s most prominent free market economist- claimed that the responsibility of business is to increase profits and replacing market mechanisms with political mechanisms to determine how resources should be used, would produce economic inefficiency. This was as an attack on CSR, based on both economics and morality (Shestack& Mullerat 2005, p.99).

In the 1980s, there were fewer original definitions of CSR; the attempts were mostly on the researches for measuring the concept and concerning alternative thematic frameworks. “In terms of definitional contributions, the contributions of Jones, Drucker, Wartick& Cochran, and Epstein stood out” (Carroll 1999, p.292).

In 1990s, alternative themes such as stakeholder theory, business ethics, CSP, and corporate citizenship have been defined by the scholars. They did not reject the CSR concept actually, but there were no new definitions added to the body of literature. Wood (1991) expanded and set forth the CSP model that captured CSR concerns for corporate action and accomplishment in the social sphere. "With a performance perspective, firms had to formulate and implement social goals and programs as well as integrate ethical sensitivity into all decision making, policies and actions" (Carroll 1991, p.40).

Another important concept was Stakeholder Theory. Freeman (1984, p.25), in his landmark book Strategic Management: A Stakeholder Approach drew a stakeholder map of the firm which shows all the groups and individuals that can affect, or are affected by. According to this theory, all the groups and individuals had a role in successes and additionally have 'stake' in the company. His map of stakeholders is shown in Figure 2.3.

Figure 2.3: A typical stakeholder map

Source: Freeman R. E., 1984. Strategic management: A stakeholder approach. Cambridge: Cambridge University Press (imprinted 2010)

With the Stakeholder Theory, the concerns in business have turned to 'stakeholder management', 'integrated approaches to strategic decision making' and 'satisfying multiple stakeholders simultaneously'. The managers had to take into consideration the social demands and be responsible to not only their shareholders, but also to their stakeholders in order to have sustainable development. As Carroll mentioned, the theory didn't reject the previous definition of CSR, but the perspective moved from a precautionary to a proactive position in many fields from labour rights to environment.

While defining and creating alternative themes for CSR, there has been a considerable amount of researches concerning the issue inevitably which are far too wide to be cited here. As mentioned before some studies have provided historical and/or conceptual clarification (Windsor 2001; Carroll 1999; Swanson 1995;), theoretical distribution (Garriga& Mele´, 2004), cultural implications and clarifications (Maignan& Ralston, 2002; Matten& Moon, 2004), improvements in conceptual extensions of corporate social performance (CSP) (Swanson 1999; Wood 1991) and corporate citizenship (Matten& Crane 2005; Maignan& Ferrell 2000) to be mentioned briefly (Siltaoja 2006, p.93).

CSR as an umbrella concept for other concepts within a similar frame "will remain as an essential part of business language and practice, because it is a vital underpinning to many of the other theories and is continually consistent with what the public expects of the business community today" (Carroll 1999, p .292).

2.3.2 CSR in Today's World

With the end of the cold war and after the communication and technological revolutions, new thinking started to rise in the corporate world. Globalization made companies redefine their roles and traditional perception of their wills. The relationship between bussiness, the state and civil society are changing (Burchell 2007, p.2). The consumers are more powerful now, they have the access to information globally, they have the social media and they are forcing the companies to change their roles, visions, responsibilities and way of doing business. The corporations are also powerful, many NGOs, institutes and other voluntary constitutions stressing the companies, even the multinational ones.

As Andriof& McIntosh (2001, p.17) declares;

> *Consumers and employees are now well informed about the challenges facing the world, they have little faith in government's ability to change things, they acknowledge the corporation as the most powerful social construct of the present era and, most importantly, they are willing to reward corporations who are responsive to their concerns.*

Companies are contesting about getting these rewards while the global competition is roughly increasing. These developments bring CSR debate into sharp relief again and make a popular subject of concern of business, academics and also in daily life. In this context; Drucker (2011, p.227) states that the next society's corporation will have the task of balancing the three dimensions of corporations: as an economic organization, as a human organization, as an increasingly important social organization. To win the war of talent among the competition of companies in global rivalry, CSR –as an umbrella term for sustainability, philanthropy, CSP, business ethics, corporate citizenship, shared value and many more- is today a strategic positioning and reputation insurance which will be extended in the next chapters.

Having an open dialogue with external stakeholders as well as striving to achieve social responsibility and sustainability is therefore important ingredients for success. As Zairi& Peters (2002, pp.174-178) state:

> *It is widely argued that the business ethos generally speaking has started to subscribe to the principle 'show me' rather than just 'trust me'." Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity.*

Today growing numbers of companies are doing sustainability, CSR or social performance reporting as they report their financials. The significance of CSR issue also makes new organizations and formations appear on a global scale. One of them is World Business Council for Sustainable Development (WBCSD) which was founded on the eve of the 1992 Rio Earth Summit to create a sustainable future for business, society and the environment. Today, the WBCSD has some 200 members drawn from more than 35 countries and 20 major industrial sectors, involving some 1,000 business leaders globally (http://www.wbcsd.org). WBCSD argues that the companies that will remain successful in 2020 will be those that provide goods and services in ways that address the world's major challenges, including poverty, climate change, resource depletion, globalization and demographic shifts (Stigson 2007, p.51).

2.3.3 CSR in Turkey

"Turkey has a rich and significant philanthropic history. In the Ottoman era, the 'waqf' (foundation) was the premier institutional mechanism for philanthropic provision of public services. Waqfs are common form of philanthropy in the Islamic tradition." (Ararat& Göcenoğlu 2006, p.12) Today the family owned conglomerates in Turkey allocate a percentage of their profits to their associated Waqfs for the re-distribution to social causes. Educational institutions, hospitals and arts/ cultural centers, museums are among the most popular objectives.

The modernization of Turkey started with the founder Atatürk's revolutions after the declaration of the Turkish Republic in 1923. He was in charge of a complete makeover of the face of his country and its identity, without which Turkey's present prospects of integration into Europe would not have been on the European Union's (EU) political agenda (Melissen 2005, p.3).

With his ultimate aim of raising responsible children who would serve as democratic citizens of Turkey, Atatürk intended reports on Turkish education with the observations (in Turkey) and experiences from American educationist J. Dewey and German Educationist Kuhne. After, taking and blending these reports with national educationists'views, the first Village Institution in 1927 has been established while most of the Turkish population was living in villages (Ata 2000).

Village Institutions trained their students in the framework of 'Responsible Living' and with 'Sustainable Development' concept which was implicitly in the curriculum of the

Village Institutes. “Village Institute graduates had long commitment to public service and they felt no loyalty to a graduate who was not dedicated to sustainability, partnership, and cooperation. Turkish Nation‘s and the World‘s future meant everything to them” (Karsli 2011, pp.223-234). The most amazing thing was; almost a century ago, after an independence war against imperialistic powers, to develop the country, “the educationists designed a curriculum to provide the young people with regional, national, and international concerns to first survive then to be powerful in production for strong economy and less consumption to economize in every area of life”. They were also trained as the future generations’ responsible teachers to be in the same route by embellishing their life with art, science, music, and research under the umbrella of critical thinking and sustainable development for Human Development.
Village Institutes provided their students to have and develop all above mentioned aspects in the curricular programs while providing them with the core values on which Village Institutes programs are founded are: Justice, Equity, Unity, Diversity, Dignity, Cooperation, Respect, Honesty, Transparency, Accountability, and Fun (Karsli 2011, pp.223-234). It is easily seen that these institutions were ahead of the age, had a vision of future and awareness of threats of the world and the country would face with. Feeling of responsibility went hand in hand with consciousness, dedication and devotion for the sake of the nation and humanity. The first sustainability and responsibility aspect in Turkey was formed by the founder Atatürk’s broad vision and continued with his other revolutions in many areas.

After World War Two, coming to the last fifty years, economic and political background in Turkey was not very supportive for long-term planning and the development of sustainability concept. For liberalizing the economy in the beginning of the 1980s, with the developments, events, campaigns and integration with the international bodies, CSR and related issues have started to be a concern in Turkey. The United Nations Conference on Human Settlements (Habitat II) in Istanbul in 1996 played an important role in this consciousness. Citizens of Istanbul started to discuss the poverty, discrimination, promotion and protection of all human rights, fundamental freedoms for all, and provision of basic needs, such as education, nutrition and life-span health care services (UNDP& EU 2008, p.43).

Unfortunately, after positive developments, a bad incident came and affected most of the stakeholder groups; civil society organizations, businesses, government and others. Izmit earthquake killed over 17,000 people in 1999 and the state's failure in providing relief services was filled by immediate civic mobilization, both individual and corporate. Many NGOs and volunteer groups involved in the rescue, reconstruction and rehabilitation processes after the earthquake. A small voluntary search and rescue association AKUT became the most influential element of this civic mobilization. Moreover, AKUT has been elected second most trusted institution in the country, after the armed forces (Adaman, Çarkoğlu& Şenatalar 2000). This big disaster and tragedy had a crucial impact on values of volunteerism and participation among Turkish citizens, emphasising the need of activism for development.

After the economic crisis in 2001 the need for corporate governance, corporate accountability, compliance and transparency has been revealed in business. In the recent years, with the adjustments of Turkish Association Law to the EU, a better environment for business, non-governmental organizations and civil participation has occurred. An environment for the discussion of CSR and sustainability has been established where the business had the major role to play and the civil society to monitor and benefit. "CSR as a component of corporate reputation in Turkey has been in an increase since 1999" (UNDP& EU 2008, p. 44).

The researches say so; GfK and Capital Business Magazine's (2007) survey showed that society expects companies to support the causes such as education, health, environment and act of violence in family. Education is the first expectation of the corporate agenda followed by the issues of unemployment, ethical behaviour, social security and health (UNDP and EU 2008, p.45).

Inspite of these expectations of society and longstanding culture of giving, corporate philanthropy in Turkey is weak. Companies only allocate maximum 5 percent of their annual income to philanthropic activities whereas the average in Europe is around 10 percent. Furthermore, a few numbers of organizations (200 out of 3500 approximately) have the tax exemption which are given the "public good" status. Other obstacles to corporate philanthropy are; the minimum endowment required for establishing a foundation is approximately 200,000 USD, the registration process is complicated and approval takes a long time. These are the factors that repress the companies from setting up foundations (Birkmen 2003 in Ararat& Göcenoğlu 2006).

Ascigil (2003) explored the management attitudes towards CSR in Turkey. "Using Caroll's (1979) and Aupperle's (1984) contextualized questionnaires, Ascigil found that 75 percent of the managers included in the survey gave priority to economic criteria when making decisions whereas 19.11 percent gave priority to ethical criteria and only 6 percent to legal criteria" (Arzova, Idowu& Filho 2009, p.378). Ascigil indicates that they have evidences that Turkish managers do not differentiate between legal and ethical responsibilities. The study also shows that customers are the most important stakeholders by 75.8 percent of managers; employees are the second by 50.8 percent and the society at large by only 24.3 percent.

Another notable finding is 53.5 percent of the managers would not give priority to ethical considerations if they think there might a negative impact on economic performance. In the mission statements of companies; 'Quality' and 'Customers' are the most frequently used concepts by 61.5 percent. 'Society' is mentioned in 22.1 percent of statements while 'Profitability' is mentioned only in 3.3 percent.

Ascigil notes that "the mere existence of a mission statement positively affects management attitudes towards CSR and that companies' awareness of CSR increases with post graduate education and with an increased share of foreign capital." CSR approach of the managers is; 49.7 percent of them define themselves as reactive with respect to CSR issues, 13.6 percent totally ignore it and 33.5 percent believe that they see CSR as a strategic matter. She concludes her findings with the most significant point about the debate; "CSR in Turkey has not moved beyond a public relations matter in Turkish companies" (Ararat& Göcenoğlu 2006, p.9).

“Philanthropists like Vehbi Koç (Founder of Koç Group, the first Turkish company at Fortune 500), Sakıp Sabancı (Founder of Sabancı Group, 50,000 employees and 10.6 billion USD turn over in 2005), İzzet Baysal and Kadir Has had active involvement in community development programs through donations to hospitals, schools and museums etc.” (UNDP& EU 2008, p.44). Increasing number of businessmen has started to be involved in the social problems of the community with their roles in the foundations, in the last decade. Some of them are: TEMA (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) that was founded by two businessmen Hayrettin Karaca and Nihat Gökyiğit; TOG (Community Volunteers Foundation) which was founded by İbrahim Betil, a retired bank CEO; Ali Koç (President of Koç Group) who has leaded Global Compact initiative in Turkey.

Beside these philanthropists and NGO’s; companies also started to take active role about their responsibilities to the society by huge campaigns. One of the most well-known CSR campaign was the Turkish telecommunications company Turkcell’s Contemporary Girls of Contemporary Turkey- “Kardelenler” (Snowdrops) project conducted jointly with the ‘Çağdaş Yaşamı Destekleme Derneği’ (‘Association in Support of Contemporary Living’, ÇYDD) since the year 2000.

The project supported the mission and principles of ÇYDD with the goal of safeguarding and enhancing the rights vested by Atatürk reforms and principles through contemporary education (Turk& Scanlan 2004, p.24-27). The project provided scholarships every year to support the education of female students that have difficulties about going to school because of financial matters. “Growing in size and diversity with the addition of new subprojects each year, the Kardelenler project hitherto provided scholarships to 12,300 students and put 6,300 Snowdrops through high school of which 950 made it to universities and 67 managed to get a university degree” (UNDP& EU 2008, p.45).

The project promoted with Ayşe Kulin’s book ‘Kardelenler’ in which she told about the changes in the girls’ lives and pop diva Sezen Aksu’s 2005 album Kardelen and many related concerts. The slogan was; “Let’s give our girls an education; our girls are our future.” “Because of the great success, with the support of media campaign and the good reputation of ÇYDD, the project became the most prominent benchmark CSR activity for many companies, promoting them to organize scholarship schemes for students and supporting education”

ÇYDD and Turkcell picked up the Excellence Award (first prize) from Institute of Public Relations (IPRA) in the category of "Corporate Social Responsibility" among 270 projects from 54 countries in 2001. The project also brought another international award in 2002 from Women Executives in Public Relations (WEPR) (Turk& Scanlan 2004, p.24-27).

It must be declared that Turkcell conducted a survey in 2002 and found out that its customers wanted it to give support to educational projects. Based on this research, Turkcell as a responsible company;
i to fulfill its responsibility towards society,
ii to strengthen its corporate identity and improve its image,
iii to improve its recognition in society and demonstrate to its rivals that it is in a different position than they are,
iv and to maintain public attention and involvement through the most appropriate and effective use of mass media to reach quickly its primary and secondary target groups,
has successfully implemented the campaign (Turk and Scanlan 2004, p.34).

With this successful project, ÇYDD and Turkcell have made considerable contributions to the educational progression of girls and to Turkish society. With a proper vision, research, implementation and communication, Turkcell gained a huge coverage and reputation with the campaign which has been examined several times as a benchmark by the researchers, academicians and practitioners.

Another significant point is the success of ‘Association in Support of Contemporary Living’- ÇYDD as well as Turkcell. ÇYDD was founded by Prof. Dr. Türkan Saylan in 1989, one of the first women to work as a dermatologist in Turkey, a champion of women's rights and education for poor children -especially girls- in Turkey. She was also a leader in the fight against leprosy, later, a consultant to the World Health Organization on leprosy and a founding member of the International Leprosy Union (Arsu 2009). She was a hero and a very important figure in Turkey's NGO history, dedicated herself to the education of young girls in rural parts of the country, where local customs force many to marry and have children when they are as young as 12.

The successful Contemporary Girls of Contemporary Turkey- "Kardelenler" campaign was first started with the letters that girls sent to ÇYDD and chair person Prof. Dr. Türkan Saylan, saying that they were eager to go to school, and called for help. With this project& previous work and following efforts, the ÇYDD Association has given grants and scholarships to at least 58,000 students since its establishment. As part of a book she had been working on before she died in 2009, Dr. Saylan wrote a letter to the girls of Turkey, which was read at her funeral. "You, my dear daughter," it said in part, "stop asking yourself, 'Why am I born a girl?' and aim at becoming the best you can be" (Arsu 2009).

There are also growing numbers of campaigns being organized by companies in many other areas. Some of them can be counted as: Colgate, Cheetos, Pınar and Danone execute education related social responsibility projects beside Turkcell. Tetra Pak, Aygaz, Pfizer, Roche and Eczacibasi are the firms with health related social responsibility projects. YKM, Coca Cola, Philips, Nokia and HP are the ones that deal with environmental issues. Koç Holding, Efes, Eti, Pınar and Banvit are mostly concern with culture and arts. Vestel, Danone, P&G, Omo, Turkcell are the examples of firms that execute sports related social responsibility activities. History related projects are mostly implemented by Opet, Efes and Aygaz. Sabancı Holding, Hurriyet, Koç Holding, Unilever and Beta are the examples of community related social responsibility projects (Pirtini& Erdem 2010, pp.51-75).

Multinational Companies (MNC) play a significant role for both creating opportunities and monitoring the CSR issues in Turkey. "MNCs mostly have group wide strategies for CSR, as the drivers such as corporate governance structures, investors and NGOs are putting more pressure on MNCs. Therefore, with greater scrutiny over them, the CSR practices as well as the experiences are often more advanced and more deeply integrated into the core business." They transfer their CSR practices to the local partners and to the all stakeholders. Activities related to children's and disadvantaged people's education and health, volunteerism, sponsoring NGO activities, partnerships with governmental agencies are the most executed CSR activities of MNCs in Turkey (UNDP& EU 2008, p.52).

As an example of MNC effort about the subject is P&G, which has co-sponsored Turkey's first Sustainable Development Congress for the Business World, in cooperation with TEMA (the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) and TOBB (the Union of Chambers and Commodity Exchanges of Turkey).
Idowu& Filho (2009, p.388):

> *The Congress was aimed at accelerating sustainable development action initiated by the Turkish business community and providing understanding that allows the business community to broaden its activity. In addition to speakers from P&G, TEMA, and TOBB, there were speakers from the State Planning Organization DPT, the United Nations Development Program, the World Business Council for Sustainable Development, Shell, the Turkish LP gas company Aygaz, the European Commission, the World Bank, and the Turkish Ethical Values Center. In the audience were local and national regulatory officials, academicians, and NGOs. P&G made two presentations at the Congress, one on the 21st century role of business in sustainable development and another, giving examples of P&G Turkey's local sustainability projects. P&G also participated in a panel discussion on the future of sustainable development in Turkey and what needs to be done.*

Other examples to MNC efforts are Coca Cola and Vodafone; they both have foundations and execute their social responsibility projects from these initiatives. Vodafone started to design many projects as soon as it has entered Turkish market in 2006. One of the most important social responsibility efforts was "Iletişim Hayattır" project which the company has executed with AKUT. The aim of the project was to raise the awareness and educate children, families and disadvantaged people about the earthquakes and other natural disasters. Professional educators, psychologists and actors traveled with a fleet to 81 cities in Turkey in 130 days and they reached more than 1 million people among the country. AKUT is still running the project with other sponsors all around the country by carrying its earthquake simulator truck from one city to another. It must be mentioned as a last point that there are only two associations in Turkey dealing exclusively with CSR and sustainable development. These are the CSR Association of Turkey and the Turkish Business Council for Sustainable Development.

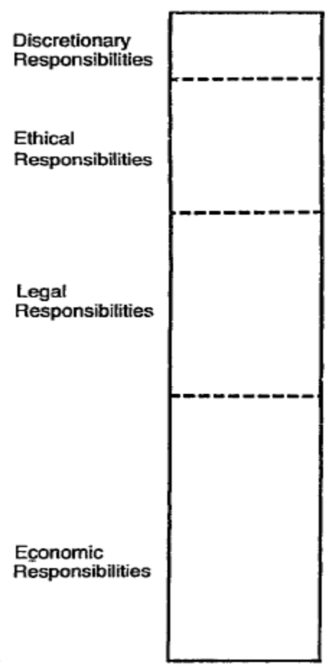
2.4 CSR MODELS

There are some models designed by management scholars about CSR which are still being used or referred.

2.4.1 Carroll's CSR Model

"Despite the plethora of CSR definitions over the last 50 years, Carroll's four-part conceptualization has been the most durable and widely cited in the literature" (Crane& Matten 2004). Carroll (1979) first figured the four categories of CSP as ordered layers as shown in Figure 2.4; economic, legal, ethical and discretionary responsibilities.

Figure 2.4: Social responsibility categories of Carroll

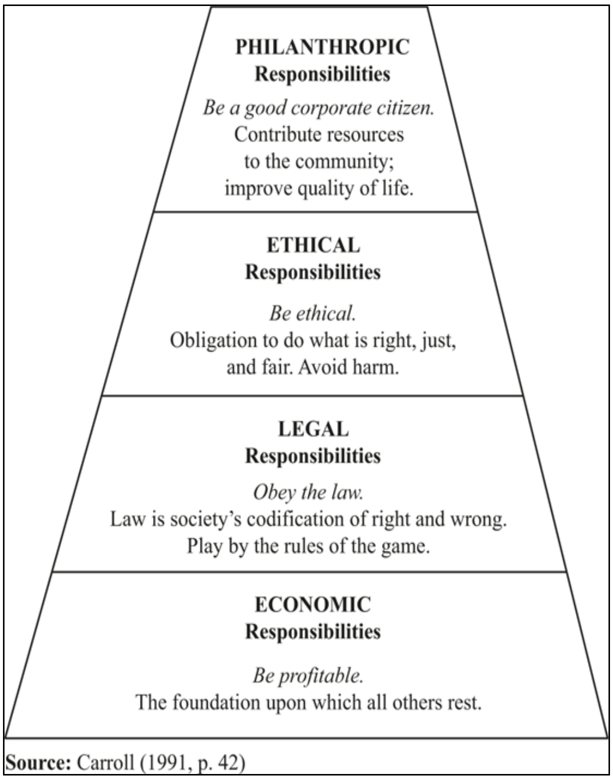


Source: Carroll, A.B., 1979. A three dimensional conceptual model of corporate performance. Academy of Management Review. ***4*** *(4)*

He suggested that the four classes are to remind us that actions can be categorized as primarily one or another of these four kinds. The order and relative weighting was “to suggest what might be termed their fundamental role in the evolution of importance” (p.500). In its first conception, the framework took a retrospective developmental perspective, based on the claim that “the history of business suggests an early emphasis on the economic and then legal aspects and a later concern for the ethical and discretionary aspects” (Visser 2005, p.33).

In 1991, Carroll (1991) presented his CSR model as a pyramid, as shown in Figure 2.5. This time he was indicating ‘discretionary component’ as ‘philanthropic responsibilities’ which also includes the ‘corporate citizenship’ concept.

Figure 2.5: The pyramid of CSR



Source: Carroll, A. B., 1991. The pyramid of corporate social responsibility, toward the moral management of organizational stakeholders. p.42

The pyramid of CSR portrays the four components of CSR, beginning with the economic performance which is the base (the foundation upon which all others rest) and then build upward through legal, ethical and philanthropic categories (Carroll 1991, p. 42). Business is expected to obey the law at the same time because the law is society's codification of acceptable and unacceptable behavior. Next step is ethical responsibility, the obligation to do what is right, just, and fair, with minimum harm to stakeholders. Finally, they must be good corporate citizens. This is seen as the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and improve the quality of life. Carroll (1991, pp.40-43) states that all these kinds of responsibilities have always existed before, but ethical and philanthropic functions have taken a significant place in recent years. He also suggests that, although the components are not mutually exclusive, “it helps the manager to see that the different types of obligations are in a constant tension with one another”. In summary, according to Carroll, a CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen. The model has been empirically tested and largely supported by the findings (Pinkston& Carroll 1994; Aupperle, Carroll& Hatfield 1985).

2.4.2 Aupperle’s Model

Aupperle defines corporate social responsibility orientation (CSRO) as the orientation of the manager towards economic, legal, ethical, and discretionary actions (Aupperle 1982 in Halpern 2008). With this explanation, he created a survey instrument to assess a corporate respondent’s CSRO which was based on Carroll’s (1979) construct of the four domains.

Aupperle operationalized Carroll’s four-part definition of CSR and sought the opinions of a sample of executives. The study confirmed the priorities of the four components in this context: economic, legal, ethical, and discretionary. In a later part of the study, Aupperle, Carroll& Hatfield separated the “economic responsibility,” which is the concern for economic performance” from “legal, ethical and discretionary responsibilities,” which are labeled as “the concern for society” (Aupperle, Carroll & Hatfield 1985). In essence, then, they found that not everyone sees the economic responsibility as a part of social responsibility; they consider it something business firms do for themselves. Then they stated that “the social orientation of an organization can be appropriately assessed through the importance it places on the three non-economic components compared to the economic” (Carroll 1999, pp.446-463).

“Aupperle’s research concluded that the CSRO tendencies on the economic domain were inverse to those of the ethical domain, and had a negative correlation to the concern for society label of the combined three non-economic domains” (Halpern 2008, p.31). This means that the more economically oriented the manager was, the less concern he had about the ethical, legal, and discretionary domains. Aupperle’s research formed the foundation of many future studies measuring CSRO of managers in comparison to profitability, industry, gender of managers, age of managers, education of managers, training of managers, firm size, and factors. “The literature on CSR indicated that Aupperle’s scale is highly respected and has been used often by other researchers” (Halpern 2008, pp.31-49).

2.4.3 Pinkston’s Model

There are seminal studies about the cultural factors that determine the dissimilarities in organizational behavior across different countries. Hofstede (1980) conducted a research on this subject and he suggested that an organization's orientation toward corporate citizenship would be derived from its home country business environment which is said to be unique. The different home country situations would bring different practices and priorities from its business participants. The result was; the priorities of corporate citizenship responsibilities would differ across countries of- origin (Hofstede 1980).

Pinkston& Carroll (1994, pp.157-170) also decided to conduct a research about the issue to determine the differences in corporate citizenship across countries. There were four primary areas of concern: corporate citizenship orientations, organizational stakeholders, corporate citizenship issues, and corporate citizenship decision-making autonomy. It is found that country-of origin did not seem to influence any differences in corporate citizenship orientations or any differences which existed in the perceived relative importance of an organization's stakeholders. “According to the mean scores of the corporate citizenship issues, country-of-origin did not appear to affect their priorities. However, country-of-origin did appear to have a significant impact on the degree of corporate citizenship decision-making autonomy.” (Pinkston& Carroll 1994, pp.157-170)

With this significant work, Pinkston extended Aupperle’s research to the multinational area. He found that the ‘economic responsibilities’ were still the most significant one among others, followed by ‘legal, ethical and discretionary responsibilities’. Only Germany and Sweden were the exceptions; legal responsibility was ranked as the most significant one followed by economic, ethical and discretionary in order. Pinkston’s work concluded that CSR orientations and its social issues in the global perspectives are also very similar in response of components of CSR goals (Visser 2010).

2.4.4 Ackerman and Bauer’s Social Responsiveness Model

Corporate social responsiveness is the management task of doing what one has decided to do so as to become socially responsible. Ackerman& Bauer (1976) argue that the concept is concerned with the social pressures that the companies face. In this model, the point is connecting the social objectives with strategic business objectives and the aim is to create an operational model, as opposed to the less directive concept of corporate social responsiveness. “This model is concerned with social legitimacy, as firms are implicitly regarded as social agents who do well in society, and it emphasizes the kind of managerial action or strategy that responds to social issues“(Carroll 1979; Ackerman& Bauer 1976; Sethi 1975). CSR is staged from doing nothing, to being reactive, and finally to being proactive, in a company. However, Wartick& Cochran (1985) criticized the model because of its limitation to provide a basis for deciding the specific demands for a firm to respond and for the reason that a responsive act does not confirm legitimacy (Isa 2011).

2.5 CSR AND STAKEHOLDERS

The need for companies to undertake activity that might be regarded as socially responsible has been a topic of discussion and academic study for decades (Heald 1957, cited in Ullmann 1985). Another discussion was about the drawee groups of the responsible company. The Stakeholder Theory opened a road to determine and analyse these groups; to whom the company should be responsible and how far that responsibility extends.

As mentioned before, Freeman (1984, p.46) defined the stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" and analysed the debate with his stakeholder map. Stakeholders are analyzed into primary and secondary stakeholders. According to Clarkson (1995, p.106) primary stakeholders are the ones that the corporations cannot survive without their participation. These include shareholders, investors, employees, customers and suppliers, which are also defined as 'public stakeholder' group: the governments and communities together that provide infrastructures and markets. The secondary groups are defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival" (Moir 2001, pp.8-9). It does not important if the stakeholders are acting formally, informally, individually, or together; they are the key elements of the corporations and they can affect the organizations positively or negatively (Murray& Vogel 1997, p.142).

Mitchell, Agle& Wood (1997) developed a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency. Agle, Mitchell& Sonnenfeld (1999) confirmed that the three attributes do lead to salience. This means that companies must pay more attention to the stakeholders that have more power and urgency (Moir 2001, pp.8-9).

Murray& Vogel (1997, p.142) suggest that CSR stakeholder dialogue can be seen as a key vehicle for the ''exchange'' of CSR offerings between the firm and its stakeholders.

"This exchange is one in which the firm offers something of value (typically a social benefit or public service) to an important constituency and, in turn, anticipates receiving the approval and support of key individuals and/or socio-political groups in its environment (Fairbrass 2006, 2008; O'Riordan& Fairbrass 2006)." This discussion indicates why it may be appropriate for managers to look to the firms' stakeholders when approaching strategic CSR-planning activities. It also indicates that stakeholder dialogue plays a vital part in the development of CSR and other operational business strategies (O'Riordan& Fairbrass 2008, pp.747-748).

2.6 REPORTING CSR

Reporting has become an important communication tool for the companies. They show their responsibilities and improvements by these reports to their various stakeholders. These efforts also help to develop a better, transparent, ethic and sustainable business environment.

2.6.1 Reporting Conceptual

The term non-financial reporting is being commonly used to describe various types of external reporting by organizations to their stakeholders, covering aspects of the organization's performance other than historical performance. This usually means reporting environmental, social and/or economic performance in a printed report or through web based reporting or combination of these (Iansen& Molenkamp 2007, p.337-339).

Some reports cover all the aspects of the non-financial performance; some emphasize just specific topics. Its scope usually can be understood from its title such as: Sustainability Report, CSR Report, Environmental report, Social Report, Triple Bottom Line Report, Corporate Citizenship Report, Health- Safety and Environment report, Community Report.

Non-financial reporting has undergone a rapid development process since 1990 (Iansen& Molenkamp 2007). There are also some codes, conventions, principles and standards to improve the behaviour of the corporations. These can be categorized as: governmental and intergovernmental initiatives; company-led initiatives; NGOled initiatives and governance initiatives. An OECD report identifies 233 codes of practice and an ILO report counts several hundred (Hopkins 2004, p.12). As Leipziger (2003, p.19) states:

> *There is no single code or standard, no panacea that will lead to corporate responsibility. Each company is different, with its own challenges, corporate culture, unique set of stakeholders and management systems. Corporate responsibility is a journey for which there is no single map but hundreds of guides. Codes and standards are maps that can be combined in new ways for different journeys.*

Among all these significant efforts, the ones that were the milestones of the debate, that are commonly being used and been influential are briefly described below. It must be mentioned that The Sustainability Reporting Guidelines of the GRI is the one that is most commonly used and well established as a basis for this type of reporting nowadays.

2.6.2 ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

ILO Tripartite Declaration is a tool that addresses employment promotion, equality of opportunity, security of employment, training, wages, benefits and conditions of work as well as minimum age and health and safety, freedom of association, the right to organize and collective bargaining. It has been adopted in 1977 in order to describe the roles and responsibilities of governments, worker's organizations and businesses (Leipziger 2007, p.267).

2.6.3 OECD Principles of Corporate Governance

The Organization for Economic Cooperation and Development (OECD) is a 'unique forum where the governments of 30 market democracies work together to address the economic, social and governance challenges of globalization as well as to exploit its opportunities' (Malan 2007, p.349).

OECD's aim to guide the legislative and regulatory initiatives and to advance the corporate governance in both OECD and non OECD countries made the Cooperation design the 'Principles of Corporate Governance' in 1999. It has been revised in 2004 and the six key areas that the principles cover is: Ensuring the basis for an effective corporate governance framework; The rights of shareholders and key ownership functions; The equitable treatment of shareholders; The role of stakeholders; Disclosure and transparency; and The responsibilities of the board.

2.6.4 OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises have been endorsed to guide the MNE's in the key areas like business ethics, employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition and taxation (Malan 2007, p.349).

2.6.5 United Nations (UN) Global Compact

The U.N Global Compact brings companies together with UN agencies, labour, civil society and governments to advance universal environmental and social principles in order to foster a more sustainable and inclusive world economy (The United Nations Global Compact Office 2005).

The idea was proposed by Secretary General Kofi Annan at the 1999 World Economic Forum in Davos in order to make globalization more socially equitable and more environmental friendly. Global Compact has become the world's largest and most widely embraced corporate citizenship initiative. With its ten universal principles in the areas of human rights, labour standards, the environment and anticorruption, more than 3000 companies, NGO's and many international labour and civil society organizations had participated to Global Compact till 2006 (Leisinger 2007).

Global Compact has achieved significant impact by fostering company engagement on pressing global corporate citizenship issues. “Its comperative advantage rests in the universality of its principles, the international legitimacy and convening power of the UN, and the Compact’s potential to be a truly global platform with appeal not only in industrialized countries, but also in the developing world” (The United Nations Global Compact Office 2005).

Many Global Compact participants have improved their corporate citizenship engagements and thus enhanced their ability to enter into supplier relationships with larger global firms by implementing the ten principles. According to McKinsey& Company (2004), half of all participating companies report having changed their policies in relation to the Compact’s principles and for nearly twothirds of the companies from developing countries, the Global Compact is the first corporate citizenship initiative in which they have engaged.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, the following principles:
Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.
Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

2.6.6 The Caux Round Table

The Caux Round Table (CRT) is an international network of principled business leaders working to promote a moral capitalism. The CRT advocates implementation of the CRT Principles for Business through which principled capitalism can flourish and sustainable and socially responsible prosperity can become the foundation for a fair, free and transparent global society (http://www.cauxroundtable.org/index.cfm).

The Caux Round Table was founded in 1986 in Caux Switzerland by Frederick Phillips, and Olivier Giscard d'Estaing, as a means of reducing escalating trade tensions. The CRT Principles for Business were formally launched in 1994, and presented at the UN World Summit on Social Development in 1995. The CRT Principles for Business articulate a comprehensive set of ethical norms for businesses operating internationally or across multiple cultures. The Principles are recognized by many as the most comprehensive statement of responsible business practice ever formulated by business leaders for business leaders.

At the company level, the Caux Round Table advocates implementation of the CRT Principles for Business as the cornerstone of principled business leadership. The CRT Principles apply fundamental ethical norms to business decision-making. A specially designed process for incorporating the CRT Principles into the culture of a corporation is available for companies to use. Ethical training for corporate boards of directors and new ethics curriculum for business schools are being developed.

2.6.7 Global Sullivan Principles of Social Responsibility

"The objective of the Global Sullivan Principles is to encourage companies and organisations of all sizes, in widely disparate industries and cultures, to work toward the common goals of economic, social and political justice including respect for human rights and equal work opportunities for all peoples." The principles embrace businesses' existing codes of conduct and work in conjunction with them.

It is expected from the participant companies that they will inform and publicly demonstrate their commitments to the Principles. The Principles have been endorsed and implemented by a number of business councils, campaigning NGOs, local authorities, companies and representative organisations (Ghebremariam& Tolhurst 2007, p.243).

2.6.8 CERES Principles

The CERES Principles has been launched in 1989 by the Coalition for Environmentally Responsible Economies (CERES) as the Valdez Principles. It was a ten -point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic.

The 10 Principles cover: Protection of the Biosphere; Sustainable Use of Natural Resources; Reduction and Disposal of Wastes; Energy Conservation; Risk Reduction; Safe Products and Services; Environmental Restoration; Informing the Public; Management Commitment; and Audits and Reports. "By endorsing the CERES Principles, companies not only formalise their dedication to environmental awareness and accountability, but also actively commit to an ongoing process of continuous improvement, dialogue and comprehensive, systematic public reporting" (Owen 2007, p.70).

2.6.9 AA1000 Series of Standards on Accountability

AccountAbility's AA1000 series are principles to help organisations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance.

The AA1000 AccountAbility Principles Standard (AA1000APS) provides a framework for an organisation to identify, priorities and respond to its sustainability challenges.
The AA1000 Assurance Standard (AA1000AS) provides a methodology for assurance practitioners to evaluate the nature and extent to which an organisation adheres to the AccountAbility Principles. (http://www.accountability.org/standards/index.html)

2.6.10 SA 8000

In 1997, Social Accountability International (SAI) was established and convened an expert, international, multi -stakeholder Advisory Board to partner in developing standards and systems to address workers' rights. Representatives of trade unions, human rights organisations, academia, retailers, manufacturers, contractors, as well as consulting, accounting, and certification firms, by consensus, cooperated to develop the SA 8000 Standard (Stigson 2007, pp.406-407).

The SA 8000 Standard is an auditable certification standard based on international workplace norms of International Labour Organisation (ILO) conventions, the UN Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.

A summary of the Standard elements follows:
Child labour;
Forced labour;

Health and safety;
Freedom of association and right to collective bargaining;
Discrimination;
Discipline;
Working hours;
Compensation;
Management systems.

During 1997, SAI also developed procedures for accrediting certification organizations-based on existing systems for certifying compliance to international standards ISO 9000, ISO14000, Forest Stewardship Council (FSC), and organic standards. Such an accreditation program is designed to address the need for consistency in audits from site to site and country to country, and to define criteria for adequate investigation and corrective action -remediation-processes (http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=938&grandparentID=472&parentID=490&nodeID=1).

In 2007, the accreditation agency was spun off to become Social Accountability Accreditation Services (SAAS). SAAS provides accreditation services for SAI InterAction, and the Business for Social Compliance Initiative (BSCI). SAI is one of the world's leading social compliance training organizations, having provided training to over 20,000 people, including factory and farm managers, workers, brand compliance officers, auditors, labor inspectors, trade union representatives and other worker rights advocates. As of December 31, 2010 SA8000® certification covers over 2,600 facilities in 61 countries, across 65 industries, and over 1.5 million employees. Many more workplaces are involved in programs using SA8000®and SAI programs as guides for improvement (SAAS Accreditation Certification Statistics] http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=478).

Revised in 2001, the SA 8000 Standard and verification system is a credible, comprehensive and efficient tool for assuring humane workplaces.

2.6.11 FTSE4Good Index

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Transparent management and criteria alongside the FTSE brand make FTSE4Good useful for the creation of socially responsible investment products. Unlike the Dow Jones Sustainability Index, the FTSE4Good uses well defined positive and negative criteria in assessing the CSR performance of companies and bases its decision for inclusion on these criteria (Findlay& Brooks, 2007).

The FTSE4Good Index Series criteria are: environmental sustainability; positive relationships with stakeholders; supporting universal human rights; ensuring good supply chain labour standards and countering bribery. Some industries are excluded from the FTSE4Good Index Series such as tobacco producers; nuclear weapon systems, whole weapons systems, nuclear power stations, uranium extractors or processors.

In November 2011, FTSE4Good, the London-based socially responsible investing (SRI) index provider, raised the bar by launching a new set of criteria covering supply chain labor standards based on International Labor Organization (ILO) Core Conventions, which address equality and discrimination, forced labor, child labor, and worker representation. Companies that are compliant with the SA8000 standard are automatically considered compliant with the FTSE4Good minimum criteria (http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=497&grandparentID=472&parentID=490).

2.6.12 The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a non-profit organization that works towards a sustainable global economy by providing sustainability reporting guidance. GRI has pioneered and developed a comprehensive Sustainability Reporting Framework that is widely used around the world. The Framework enables all organizations to measure and report their economic, environmental, social and governance performance – the four key areas of sustainability.

The Reporting Framework – which includes the Reporting Guidelines, Sector Guidelines and other resources - enables greater organizational transparency about economic, environmental, social and governance performance. This transparency and accountability builds stakeholders' trust in organizations, and can lead to many other benefits. Thousands of organizations, of all sizes and sectors, use GRI's Framework in order to understand and communicate their sustainability performance. The uptake of GRI's guidance was boosted by the 2006 launch of the current generation of Guidelines, G3.

GRI's is a multi-stakeholder, network-based organization. Its global network includes more than 600 Organizational Stakeholders – core supporters – and some 30,000 people representing different sectors and constituencies. GRI also enjoys strategic partnerships with the United Nations Environment Programme (UNEP), the UN Global Compact, the Organisation for Economic Co-operation and Development (OECD), International Organization for Standardization (ISO) and many others.

About the GRI Reports

A sustainability report can be assigned a GRI 'Application Level', which indicates the proportion of the G3 disclosures that were addressed in the report. Application Level A addresses all Profile Disclosures, Disclosures on Management Approach and the core Performance Indicators, whereas Level C only requires a selected set of the Profile Disclosures and ten of the core or additional Indicators to be included. The Application Level can be self-declared, third party- checked and/or checked by GRI. For each of these declarations, external assurance ('+') can be utilized. GRI recommends that organizations have their reports assured. Readers should be aware that there are two levels of external assurance – limited and reasonable – so assurance may not necessarily mean all content has been checked (GRI 2009/2010, p.16).

The number of organizations producing sustainability reports, including GRI reports, is increasing every year. In 2009 there were 1397 GRI reports on the Reports List, an increase of 29 percent on the 2008 figure of 1082 reports. Of the total number of reports identified and included in the Reports List, 308 came from non- OECD countries, an increase of 33 percent on the 2008 figure of 232 reports.

The Global Reporting Initiative (GRI) is currently the industry leader in providing a set of voluntary principles for companies in the area of CSR (Hopkins 2004, p. 5). The reports can be seen from the GRI website (www.globalreporting.org). When it is searched for Turkey, the result shows totally 28 reports by December 2011. The companies that ever had a sustainability and/or CSR reports are; Arçelik (twice), OPET, Zorlu Enerji, Akbank (twice), TAV Airports Holding, Doğuş Otomativ (twice), Çimsa Çimento, Bilim İlaç, Turkcell, Turkiye Sanayi Kalkınma Bankası, Tubas Tekstil, Topkapı İplik Sanayi ve Tic., SLN Tekstil ve Moda Sanayi, Milteks, Greenpeace Mediteranean Foundation, Erdemir, Coca Cola İçecek Turkey (twice), Anadolu Efes Bira, Aksa Akrilik (4 times), Akçansa, 6GEN. The only A Level report is proudly belongs to Bilim İlaç but it is encouraged that the main purpose is the effort itself. It is a significant step for companies to start reporting and the improvement will come with the continuity of the intention (http://database.globalreporting.org/search).

In the third Amsterdam Global Conference on Sustainability and Transparency (May 2010), GRI announced two key propositions at the conference: By 2015, all large and medium-size companies in OECD countries and large emerging economies should be required to report on their Environmental, Social and Governance (ESG) performance and, if they do not do so, to explain why; and by 2020, there should be a generally accepted and applied international Standard which would effectively integrate financial and ESG reporting by all organizations. Support for the propositions was clear and GRI is now looking to start the process of developing a new, more robust generation of GRI Guidelines, G4, to mainstream ESG reporting (GRI 2009/2010, p.1).

2.6.13 International Organization for Standardization (ISO) 26000

ISO 26000 is an ISO International Standard giving guidance on SR. It is intended for use by organizations of all types, in both public and private sectors, in developed and developing countries, as well as in economies in transition. It will assist them in their efforts to operate in the socially responsible manner that society increasingly demands.
ISO 26000 contains voluntary guidance, not requirements, and therefore is not for use as a certification standard like ISO 9001:2008 and ISO 14001:2004.

The International Standard ISO 26000:2010, Guidance on social responsibility, provides harmonized, globally relevant guidance for private and public sector organizations of all types based on international consensus among expert representatives of the main stakeholder groups, and so encourage the implementation of best practice in social responsibility worldwide. ISO 26000 addresses seven core subjects of social responsibility defined in the standard and portrayed in the following Figure 2.6. The figure refers to the corresponding clauses in the standard.

Figure 2.6: The seven core subjects of social responsibility

Source:http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/social_responsibility/sr_discovering_iso26000.htm

2.6.13.1 ISO 26000& GRI

GRI developed a linkage document between ISO 26000 and the G3 Guidelines in November 2010. The publication helped to relate the Social responsibility (SR) guidance in ISO 26000 to reporting guidance provided by GRI. In particular, the publication aimed to help companies and other organizations that follow the GRI Guidelines to prepare their reports to understand how GRI reporting aspects and indicators are related to ISO 26000 clauses.

The ISO guidance on social responsibility emphasizes the value of public reporting on social responsibility performance to internal and external stakeholders, such as employees, local communities, investors, and regulators. This emphasis represents an important level of international attention to the issue of reporting, and is aligned with GRI's mission to make disclosure on economic, environmental, and social performance common practice.

Although ISO 26000 does not offer guidance on SR performance reporting, the ISO 26000 content does cover a very similar range of topics to that in the GRI Reporting Guidelines. In doing so, the ISO guidance provides a structure for companies to organize their activities, which can influence a company's reporting process.

GRI has actively participated in the international multi-stakeholder ISO 26000 development process from the start. GRI supports the recognition this guidance gives to the positive contribution that businesses and other organizations can make through improved practices, to ensure a sustainable future for all. As part of the world's most widely used sustainability reporting framework, created through an international multi-stakeholder, consensus- based process, GRI provides the most suitable guidelines to support organizations interested in reporting on the topics covered by ISO 26000. By using the GRI framework in conjunction with the new ISO guidance, reporters will have a practical set of tools to measure and report on their social responsibility policies and practices (GRI 2010, p. 4).

2.7 ADVANTAGES AND SIGNIFICANCE OF CSR

Smith (1994, pp.105-107) described The New Corporate Philanthropy in Harvard Business Review as a shift to making long-term commitments to specific social issues by sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals.

According to Smith (1994); corporate giving can lead to more than just photo opportunities and increased brand recognition. He states that if companies fund long term successful initiatives with governments and NGOs, they provide managerial advice, technological and communications support and employee volunteers in addition to cash. Being corporate citizens brings US firms even more success internationally by small amounts with huge effects. Downgrading the giving budgets is just sabotage to their advantageous position among the other foreign rivals.

With these approaches to CSR, Smith was one of the strongest proponents of the issue by claiming that it effects reputation, brings advantages and opportunities and also provides financial inputs.

According to the latest UN Global Compact's Accenture CEO Study (UN 2010), 93 percent of the 766 participant CEOs from all over the world declared CSR as an "'important' or 'very important' factor for their organizations' future success."

Values and Value survey made by World Economic Forum in 2004, among the corporate leaders show that there are some reasons that they adopt responsible corporate actions (Doorley& Garcia 2007, p.361). These are;

Protecting and enhancing brand equity, reputation and trust,
Attracting, motivating and retaining the talented employees,
Managing and mitigating risk,
Improving operational and cost efficiency,
Ensuring a license to operate,

Developing new business opportunities,
Creating a more secure and prosperous operating environment.

Integrating corporate responsibility approach strategically to the business and managing it effectively improves and protects the bottom line by managing risk. Market based pressure leads to low sales and high cost capital risk, regulations leads to less flexibility, public pressure forces the reputation and brand equity. They together influence the bottom line inevitably.

Before 1990s the traditional approach of CSR was like fulfilling an obligation and efforts were mostly on "doing good to look good" against the emerging pressures. In order to satisfy many groups the funds were allocated as many as possible without any long term commitments and the areas and foundations to support were mostly left to the preferences of senior management. Evaluation was not asked or done; trusting that the good has happened was like an evaluation method instead (Kotler& Lee 2005, p.8).

The new approach is increasingly the desire for ‘doing well and doing good.’ The companies are choosing the most strategic areas to fund and support which are also fitting their values, goals and focusing on them. Selection process, implementation, evaluation are all changed dramatically. This new model looks more like "doing all we can to do the most good, not just some good". Kotler& Lee (2005, p.10) suggest that participation in corporate social initiatives has similar potential benefits. It looks good to potential consumers, investors, financial analysts, business colleagues, in annual reports, in the news, and maybe even in Congress and the courtroom. The reportings are increasingly showing that employees, current customers, stockholders, and board members feel good while the efforts are doing also good for the brand, the bottom line and the community.

The researches made by Business for Social Responsibility shows companies that are responsible have experienced a range of bottom-line benefits while improving the followings;

Increased sales and market share
Strengthened brand positioning
Enhanced corporate image and clout
Increased ability to attract, motivate and retain employees
Decrease operating costs
Increased appeal to investors and financial analysts

ISO 26000 (2011), guidance for companies about CSR describes and orders the effects of CSR as below:

"The perception and reality of an organization's performance on social responsibility can influence, among other things:
Competitive advantage,
Reputation,
Ability to attract and retain workers or members, customers, clients or users,
Maintenance of employees' morale, commitment and productivity,
View of investors, owners, donors, sponsors and the financial community,
Relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates."

Marketplace polls suggest that a positive relationship exists between a company's CSR actions and consumers' reactions to that company and its product(s) (Brown& Dacin 1997). "A recent 5,000-people survey by Edelman revealed that nearly two thirds of those interviewed cited 'transparent and honest business practices' as the most important driver of a firm's reputation (Cheng, Ioannou& Serafeim 2011)".

According to Chase& Smith (1992):

> 75 percent of consumers have said their purchasing decisions are influenced by a company's reputation with respect to the environment, and eight in ten have said they would pay more for products that are environmentally friendly (Klein 1990). One survey notes that 85 percent have said they believe that U.S. companies should be doing more to become environmentally responsible.

“Seventy nine percent of Americans take corporate citizenship into account when deciding whether to buy a particular company’s product” (Bhattacharya& Sen 2004). Porter& Kramer (2006) in “The Link between Competitive Advantage and Corporate Social Responsibility” argued that CSR can be much more than just a cost, constraint or charitable deed. If it can be managed and implemented strategically, it generates many opportunities, innovation and competitive advantage.

It is seen that many scholars, practitioners, companies, managers, corporations and NGO’s agree that CSR has many positive effects on brand equity, image, reputation, loyalty, purchase decision, employee attraction, orientation and retention, innovation, strategic positioning, competitiveness and performance.

Finally a very recent research “Corporate Social Responsibility and Access to Finance” made by Cheng, Ioannou& Serafeim (2011) has similar results that should be noted here:

> *We provide evidence that the firms with better CSR performance face lower capital constraints. We argue that this negative relation between CSR performance and capital constraints emerges because of a number of reasons. First, better CSR performance is the result of improved stakeholder engagement (Choi& Wang 2009) that in turn significantly reduces the likelihood of opportunistic behavior and introduces a more efficient form of contracting with key constituents (Jones 1995). In other words, stakeholder engagement based on mutual trust and cooperation reduces potential agency costs by pushing managers to adopt a long-term rather than a short-term orientation. Moreover, firms with better CSR performance are more likely to disclose their CSR activities (Dhaliwal et al. 2011) and consequently become more transparent. Higher levels of transparency reduce informational asymmetries between the firm and investors, thus mitigating perceived risk. Since the literature to date has argued that market frictions such as informational asymmetries and agency costs are the reasons why firms face upward sloping supply curves in the capital markets, our results show that firms with better CSR performance face a capital supply curve that is less steep; which implies an enhanced ability to obtain capital either through lower interest rates and/or for a given interest rate, a larger amount of funds. Our results have important implications for the current debate on CSR and value creation.*
>
> *We provide evidence for a mechanism through which CSR can create value in the long-run: firms with better CSR performance are better positioned to obtain financing in the capital markets, which positively affects their ability to undertake major strategic investment decisions and therefore, their subsequent stock returns (e.g., Lamont et al., 2001). Moreover, our inference is supported by the application of an instrumental variables approach, as well as a simultaneous equation modeling approach.*
>
> *With this study we contribute to an emerging literature within CSR that highlights the important role that capital markets play in evaluating the potential for long-run value creation by firms that adopt CSR strategies (e.g. Lee and Faff, 2009; El Ghoul et al., 2010; Ioannou and Serafeim, 2010a, Goss and Roberts, 2011). Allocating scarce capital resources to their most productive uses is the fundamental role that financial markets play*

and in this paper we show that CSR has a significant impact on this decentralized capital allocation process: market participants are more willing to allocate scarce capital resources to firms with better CSR performance.
Moreover, by disaggregating the CSR performance into its components, we are able to show at a more fine-grained level that it is in fact the social and the environmental aspect of CSR activities that have the greatest impact in terms of reducing capital constraints.

2.8 COMMUNICATING CSR

As mentioned before, reporting is the most significant part of the issue. A company's efforts about the social, financial and environmental issues are mostly and explicitly can be seen by these reports. Labour standards in its supply chain, contributions to the communities and local areas where it operates, environmental impacts, all the social and environmental footprints can be seen and rated via this global standards. In order to enhance the reputation, protect existing operations, generate new business and create a competitive advantage companies are increasingly applying and communicating their CSR efforts and also pushing their suppliers and other contractors to do so. Failure about these issues can easily lead to public criticism which can be spread rapidly in this global and virtual environment. CSR should not be seen as simply a public relations issue or as activities to improve performance in a short term period by doing show-off. Critical stakeholders will immediately point out the inconsistencies between the word and deed (Doorley& Garcia 2007, p.368-369).

Communicating the CSR efforts to all the stakeholder groups is very important. Shareholders, customers, employees, suppliers, media, government, international organizations NGO's and other civil society groups and corporations, investment analysts, all the internal and external groups have different priorities therefore their focus are different. Effectively communicating the values and CSR efforts to each stakeholder due to their precedence is significant. The most effective communications about the debate should be accurate, transparent and credible.

There are many traditional tools to communicate CSR efforts and also some unique ones like codes of conduct, certifications, CSR reporting and training& education. Companies are increasingly implementing these in an integrated fashion in order to communicate effectively and benefit the most. CSR/ Sustainability Reporting is the most common and broad one certainly. According to Business for Social Responsibility (2005, p.18-19), companies view reports as a primary information source for socially responsible investment analysts; a vehicle for communicating with employees; a knowledge management tool for improved risk management.

2.9 CRITICS AND FUTURE OF CSR

There are certainly still opponents of CSR as well as the proponents. Some of them are about the negative impacts of MNE's on the local markets' poverty. They argue that the MNEs marginalize local entrepreneurs and small scale competitors so the result is undermining the local economies (Hopkins 2007, pp.118-119). However, the proponents of CSR support the converse. They believe that foreign investments will give benefits to the local economies with creating jobs, technology, innovation and the experiences& corporate culture they bring and therefore they'll fight with the poverty.

Some of the opponents still think similar to Friedman. They argue that " … the concept is nothing other than the ashes of the debunked and defunct view that the state should direct the economy"(Blundell 2004). In fact CSR is not the pursuit of profits per se, but how profits are made (Hopkins 2007). Some criticisms can briefly be described as the statements below (Hopkins 2007, p.118-119)

There is no universal definition of CSR; different parties have different concepts or definitions.
CSR is a public relations effort to hoodwink the over sensitive public.
CSR is just in a limited sense of philanthropy and if business is directly concerned with the welfare of social issues ,this is seen as independent of its profitability.
CSR diverts attention from key issues; it is seen as a curse instead of a cure.
CSR is not viable for development economics and ignores the concerns with capitalism and neo-liberalism. Hence, it is a kind of socialism.
The only responsibility of business is increasing its profits; CSR is misleading.
CSR is ineffectual, the reason is companies can not be left to self-regulate.

Hopkins (2007, p.129) believes that CSR will transform into different concepts but not disappear entirely. He argues that there will be fewer talks about it because it will be a part of routine operations.

Kotler, (2005) -as a proponent of CSR- argues about some challenges of CSR efforts while advocating its significance. He talks about the fundamental decision points like; the decisions related to choosing a social issue, selecting an initiative to support this issue, developing and implementing program plans, and evaluating the outcomes. Managers have the greatest challenge in the first step; choosing the social issue that will fit better to their businesses. Other questions that will arise will be as follows:

Will this issue support our business goals, how?
How big is this social problem and who cares it?
Is the government handling this, who else is on it?
What will our shareholders think about our involvement in this issue?
Is this something that our employees and other stakeholders can get excited about?
Won't this encourage the other parties who are involved in this cause to approach us (bug us) for funds?
How do we know this isn't the cause that is the most popular and everybody will get their hands on it?
Is there a potential of the cause to backfire on us and create a scandal for the business?
Is this cause owned by someone else or our competitors already? Is there still a potential for us? (Kotler& Lee 2005, pp.18-19).

Despite the limitations, challenges and the concerns about CSR, companies are increasingly tying social issues with their business issues. Consumers, employees, NGO's and other stakeholders are forcing the companies in many ways –especially in social media-. Managers and shareholders started to take this concern into account, have seen CSR/ sustainability concept as a "must" and started to share their efforts in their annual or sustainability/ CSR reports. As Hart (1997, pp.67-76) argues in HBR; "the more we learn about the challenges of sustainability, the clearer it is that we are poised at the threshold of an historic moment in which many of the world's industries may be transformed." "The companies that first make the change will have a competitive edge. Those that do not make the effort will not be a problem because ultimately they will not be around" (Lovins, Lovins& Hawken 1999, p.158).

There are also new concepts and approaches about the debate. Harvard Business School Professor Michael Porter and Mark R. Kramer have published an article in HBR in February 2011 called 'Creating Shared Value- How to reinvent capitalism and unleash a wave of innovation and growth?' According to the authors, narrow conception of capitalism and views about how to create profit have created disconnect between businesses and society so far and this needs to be changed. Companies must take the lead in bringing the two concerns back together (Porter& Kramer 2011).

Porter and Kramer see CSR as a logical and intermediate step to ethical business practices but not an overall solution to genuinely reconnecting the values of business with the values of the community at large. They suggest the 'shared value' concept to reconcile the intersection between society and corporate performance. Actually the 'shared value' idea was initially explored in another HBR article by the same authors in December 2006; 'Strategy and Society, The link between competitive advantage and Corporate Social Responsibility' (Porter& Kramer 2006). Their enlarged view about the notion is; creating economic value by creating social value. They suggest three ways to do this. Reconceiving products and markets, redefining productivity in the value chain and building supportive industry clusters at the company's locations. These are the parts of virtuous circle of shared value. Improving the value in each area rises the opportunities in the others. Creating shared value leads to serve new needs, gain efficiency, create differentiation and expand markets (Porter& Kramer 2011).

Al Gore and David Blood have very recently published an article in the Wall Street Journal (December 2011) named 'A Manifesto for Sustainable Capitalism; how businesses can embrace environmental, social and governance metrics?' (Gore& Blood 2011). In their striking article they tried to form a more responsible way of capitalism, what they call 'sustainable capitalism': "a framework that seeks to maximize long-term economic value by reforming markets to address real needs while integrating environmental, social and governance (ESG) metrics throughout the decision-making process" (Gore& Blood 2011).

They suggest that such sustainable capitalism can be applied to the "entire investment value chain—from entrepreneurial ventures to large public companies, seed-capital providers to institutional investors, employees to CEOs, activists to policy makers. It transcends borders, industries, asset classes and stakeholders." (Gore& Blood 2011). They argue that absence of sustainability damages the companies, investors and society at large. Companies and investors that integrate sustainability into their business practices develop sustainable products and services that can increase its profits, enhance its brand, improve its competitive positioning and as a reward they enjoy their profitability over the long term.

Gore& Blood (2011) finalize their thoughts as:

> Today we have an opportunity to steer by the stars and once again rebuild for the long-term. Sustainable capitalism will create opportunities and rewards, but it will also mean challenging the pernicious orthodoxy of short-termism. As we face an inflection point in the global economy and the global environment, the imperative for change has never been greater.

2.10 VALUE AND CSR

Human Values are desirable goals, varying in importance that serves as guiding principles in people's lives (Schwartz& Bardi 2001; Rokeach 1973). People justify the actions and evaluate people and events by values (Williams 1968, Kluckhohn 1951).
There are of course many definitions, approaches and measurement tools about 'value' but Schwartz' Value Theory is the one that is most widely accepted in the last decades.
According to the theory, people's value priorities are different due to many various factors but the structure of the human value system is universal (Schwartz 1992, 1994, 1999). There fore; there exist universally important and recognised types of values, and that people differ only in terms of the relative importance they place on a set of these universally important value types (Siltaoja 2006).

There are ten motivationally distinct types of values intended to cover the core values recognised in cultures worldwide, according to Schwartz. Each basic value can be characterized by describing its central motivational goal (Siltaoja 2006). Table 2.2 shows the ten value priorities in terms of their primary goals.

Table 2.2: Definitions of motivational types of values in terms of their goals and the single values that represent them

Value	Definition
Power	Social status and prestige, control or dominance over people and resources (social power, authority, wealth).
Achievement	Personal success through demonstrating competence according to social standards (successful, capable, ambitious, influential).
Hedonism	Pleasure and sensuous gratification for oneself (pleasure, enjoying life, self-indulgent).
Stimulation	Excitement, novelty, and challenge in life (daring, a varied life, an exciting life).
Self-direction	Independent thought and action-choosing, creating, exploring (creativity, freedom, independent, curious, choosing own goals).
Universalism	Understanding, appreciation, tolerance and protection of the welfare of all people and of nature (broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment)
Benevolence	Preservation and enhancement of the welfare of people with whom one is in frequent personal contact (helpful, honest, forgiving, loyal, responsible).
Tradition	Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provide the self. (humble, accepting my portion in life, devout, respect for tradition, moderate)
Conformity	Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms (politeness, obedient, self-discipline, honoring parents and elders).
Security	Safety, harmony and stability of society, of relationships, and of self (family security, national security, social order, clean, reciprocation of favors).

Source: Schwartz& Bardi 2001 in Siltaoja, 2006

The types of motivational goals are the crucial content aspect that distinguishes between these values. "In order to coordinate with others in the pursuit of goals that are important to them, groups and individuals represent these requirements cognitively (linguistically) as specific values about which they communicate (Schwartz 1992, 1994, 1999)".

The ten motivational types are organized as two major conflicts or dimensions in Schwartz theory. The first dimension is Self-enhancement –which is the combination of power and achievement versus Self-transcendence –which is the combination of benevolence and universalism. This dimension reflects a conflict between concern for the consequences of one's own and others' actions for the self, and concern for the consequences of one's own and others' actions in the social context (Siltaoja 2006).

The second dimension is Openness to change -which is the combination of self-direction and stimulation- versus Conservation -which is the combination of security, conformity and tradition. This dimension reflects a conflict between emphases on own independent thought, action favouring change versus submissive self-restriction, preservation of traditional practices and protection of stability (Schwartz 1996). Hedonism shares elements of both Openness and Self-enhancement (Schwartz 1992, 1999).

As long as CSR is a multidimensional subject, actions within it are founded on some core values that a company represents (Siltaoja 2006). Accordingly, firms' social responsibilities are met by individual human actors (Wood 1991). Values have an important influence in studying humanly actions for they are understood as guiding principles of actions (Allport 1961). Siltaoja (2006) suggests that various value priorities create the common ground for some group's estimations for these priorities which are also included within CSR actions.

CSR is variously associated with reputation and the relationship between them follows a view of shared values; whether the values demonstrated by business are viewed favourably and shared by its business stakeholders (MacMillan 2005). According to Bromley (2002), major companies have as many reputations as there are distinctive groups that take an interest in them. These groups are rather coherent with a common concern in a reputation entity (MacMillan et al. 2005). There are many researches that underline the importance of stakeholder perceptions in determining the corporate reputation (Macmillan et al. 2005; Dowling 2004; Mahon 2002; Fombrun 1996, 1998). Dowling suggests that corporate reputation reflects organization's strategy, culture and values (Dowling 2004) which means a company with good reputation has values that suite to individual's own values, the Schwartz value theory (1992, 1994, 1999) is brought to discussion.

3. CORPORATE REPUTATION

3.1 DEFINITION OF CORPORATE REPUTATION

The word corporate reputation is simply defined as the attributed values evoked from the person's corporate image (Dowling 2001, p.19). The concept has been popular with the beginning of Fortune Magazine's first list of America's Most Admired Companies in 1982. The survey developed was a quantitative opinion survey of top industry executives and analysts among the largest companies in U.S. By the attention it drew, it became an annual event which has been imitated in other countries. Corporate reputation can be described in many ways. Some of them are mentioned below (Riel& Fombrun 2007, p.44):

> *Corporate reputation refers to the expectations, attitudes and feelings that consumers have about the nature and underlying reality of the company as represented by its corporate identity (Topalian 1984).*
> *A reputation is the set of meanings by which a company is known and through which people describe, remember and relate to it. It is the net result of the interaction of a person's beliefs, ideas, feelings and impressions about the company. A company will not have a reputation; people hold reputations of the company (Dowling 1986).*
> *Reputation refers to a holistic and vivid impression held by a particular group towards a corporation, partly as a result of information processing (sense-making) carried out by the group's members and partly by the aggregated communication of the corporation in question concerning its nature, i.e. the fabricated and projected picture of itself (Alvesson 1990 in Riel& Fombrun 2007).*
> *Corporate reputation is the overall estimation in which a company is held by its constituents. A corporate reputation represents the 'net' affective or emotional reaction – good-bad, weak or strong – of customers, investors, employees, and general public to the company's name (Fombrun 1996).*

Corporate reputation has also been a popular concern after 2000's. Some more definitions about the concept are:

> *Reputation is a combination of reality such as economic and social performance and perception such as performance perceived by key stakeholders (Hemphill 2006).*
> *Corporate reputation is a global and general, temporally stable, evaluative judgment about a corporation that is shared by multiple stakeholders (Highhouse et al. 2009).*
> *Reputation is a long-term intangible corporate asset or liability that is important for organizational competitiveness (Friedman 2009).*
> *Corporate reputation is the collective judgment of a corporation (Einwiller 2010). Experience and information are the two main forces of corporate reputation. Person's or group's past dealings with the company and their direct and indirect communication with*

the company determines the facet. A favourable reputation requires not only an effective communication effort; it requires an admirable identity that can be molded through consistent performance over many years (Gottschalk 2011, p.29).
Corporate reputation contributes to or harms a company's sustainable position because of its valuable strategic resource (Keh and Xie 2009).
A good reputation is difficult to imitate and highly ambiguous. The greater the ambiguity experienced by constituents, the greater the importance of reputation as resource as it reduces uncertainty (Walker 2010).

From the definitions of reputation it is easily seen that all the scholars agree with the significance of this intangible asset. They mostly emphasize its long term, difficult and precious construction in the each stakeholder's –so individual's- conscious and unconscious mind. It is also commonly mentioned that a good reputation increases and sustains corporate worth and brings competitive advantage. Companies achieve their objectives more easily if they have a good and consistent reputation among their inner and outer stakeholders. It can be concluded that there is not much discussion among the scholars about conceptualizing and defining the reputation, however, measuring, determining the components and analyzing the effects are the issues that will be a matter in question.

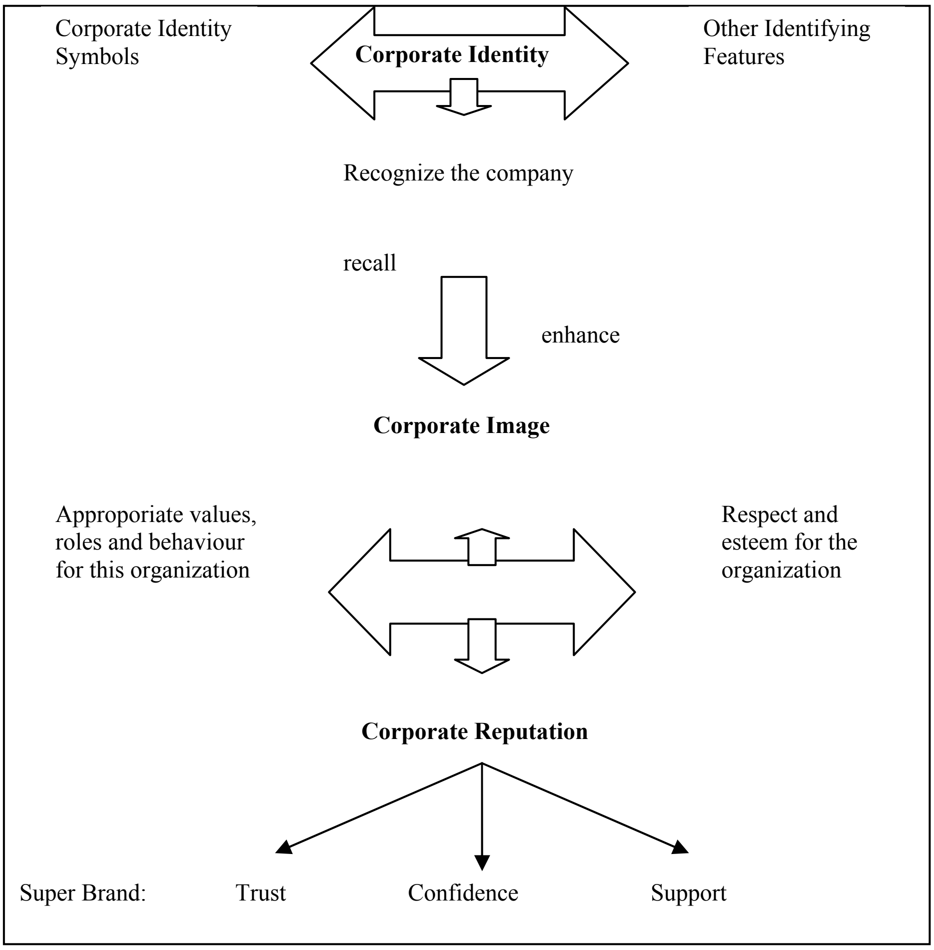
3.2 CONCEPTS RELATED TO CORPORATE REPUTATION: IDENTITY, IMAGE AND CULTURE

There are some concepts closely related to reputation such as corporate identity, corporate image and corporate culture. It is important to make a distinction between these concepts to determine the relationship among them.

"Corporate identity is the symbols and nomenclature an organization uses to identify itself to people such as name, logo, slogan and livery. It helps people find or recognize a company" (Dowling 2001, p.19). Corporate image is the global evaluation comprised of a set of beliefs and feelings a person has about an organization. Fombrun (1996) suggests that reputations evolve from the images that organizations develop in each of the four domains: social domain, product domain, financial domain and the employment domain.

Corporate reputation is a value based construct. The individual's corporate image is compared to his or her freestanding values about appropriate behaviour for this type of organization. "Values are enduring beliefs that a specific mode of conduct or endstate of existence is personally or socially preferable to some other conduct or endstate (Schwartz and Bilsky 1987; Kahle 1983; Rokeach 1973)". Values such as accomplishment, integrity, honesty, responsibility -of the employees, environment, economy etc.- are long term concerns in the context of corporate behaviour. In short term, excitement, enjoyment and similar values are relevant. Corporate reputation is the shared values of the company by its stakeholders that drive the trust, confidence, and support an organization can expect from the reputation held by a person. According to Dowling (2001), high levels of these factors define a powerful corporate brand, which is shown in Figure 3.1.

Figure 3.1: Corporate identity, image and reputation



Source: Dowling, Creating Corporate Reputations, 2001, p. 20

The possible effect of good corporate identity on corporate image is; people can make the correct associations between the company and its identity symbols, so that these symbols make people recall the image of the company.

Corporate image has two components; cognitive and emotional. They both are usually experienced simultaneously in person's mind and they fit together to form an overall corporate image (Dowling 2001). If a person's beliefs and feelings fit with the company than the individual will form a good reputation on company. This will be the same for both internal and external stakeholders. Building a good reputation goes through designing a desired image and linking it to the values of the stakeholders. It is not possible to change the values of individuals but it is possible to change their perceptions and emotional attachments to the companies (Dowling 2001).

In the relationship of corporate identity, image and reputation, Dowling (2001, pp.19-21) finalizes his suggestions based on the Figure 3.1. as: "when there is a good fit between stakeholder values and the corporate image, the organization's good reputation may become a super brand. The company is now respected and held in high esteem. This in turn leads to high levels of confidence, trust and support among stakeholders".

Fombrun (1996, p.61) indicates that a company's reputation derives from many things like; "its ability to manage the impressions, build strong relationship with key constituents and the indirect rumor mongering engaged in by interested observers such as analysts and reporters" . He states that marketers, advertisers and public relations specialists help to create attractive images of a company but unless those images are anchored in core characteristics of the company and its products and services, they will inevitably decay. Therefore, reputation, which is both enduring and resilient, is the thing that companies desire and need in long term. This will provide them to withstand the scandals and attacks and to overcome the crisis and assaults. So, the thing that is needed to sustain reputation is a strong and supportive infrastructure of interwoven managerial practices instead of public relations' image efforts.

Corporate culture is another term that is also related to corporate reputation. It is defined as a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations (Ravasi& Schultz 2006, Martin 2002; Fiol 1991; Louis 1983). Organizational scholars indicate that corporate reputations are rooted in the sense-making experiences of employees (Riel& Fombrun 2007, p.57). Organization's business practices are shaped by the company's culture, identity and the relationship that managers established with key stakeholders. Managers' perceptions and motivations are being effected by the corporate culture of the organization (Dutton& Penner 1992; Barney 1986). Shared cultural values and a strong sense of identity guide managers in defining what their firms stand for and in justifying their strategies for interacting with key stakeholders (Porac& Thomas 1990; Miles& Cameron 1982).

"Organizations with strong, coherent cultures and identities are more likely to engage in systematic efforts to influence the perceptions of stakeholders. Managers in such firms will probably attend carefully to how their firms' key audiences feel about them (Albert& Whetten 1985)".

3.3 FORMATION OF CORPORATE REPUTATION

There are three levels of information processing that affect people's impressions of the company according to Bromley (2000). These are:

Information processing at a primary level (based on personal experience);
Information processing at a secondary level (based on what friends and colleagues have to say about an organization or product);
Information processing at a tertiary level (based on mass media information, including paid advertising and unpaid publicity).

The primary level has the largest influence on reputation but people come under a limited amount of direct information. That is the reason why most of the information people absorb comes indirectly from friends and colleagues and through the mass media (Riel& Fombrun 2007, p.46).

Having a favorable reputation is an essential precondition for establishing a commercial relationship with its stakeholders for a company. The reputation provides easy and quick associations with the target group. For the targeted group, the reputation of a company is important, too. The company's reputation summarizes their perceptions of the company in terms of global assessments of effectiveness (good/ bad, strong/ weak, high/ low). The companies have more reputation as the stakeholders rely on the company to make purchasing or investment decisions (Riel& Fombrun 2007, p.47). It is like a boomerang effect.

Reputation is more helpful in such conditions for the stakeholders according to Poiesz (1988):

If the information is complex, conflicting or incomplete to make decision,
If the amount of information is insufficient or too abundant to make a sound judgment,
If people have a low involvement with the product or the company,
And if there are external conditions that pressure to make more rapid decisions.

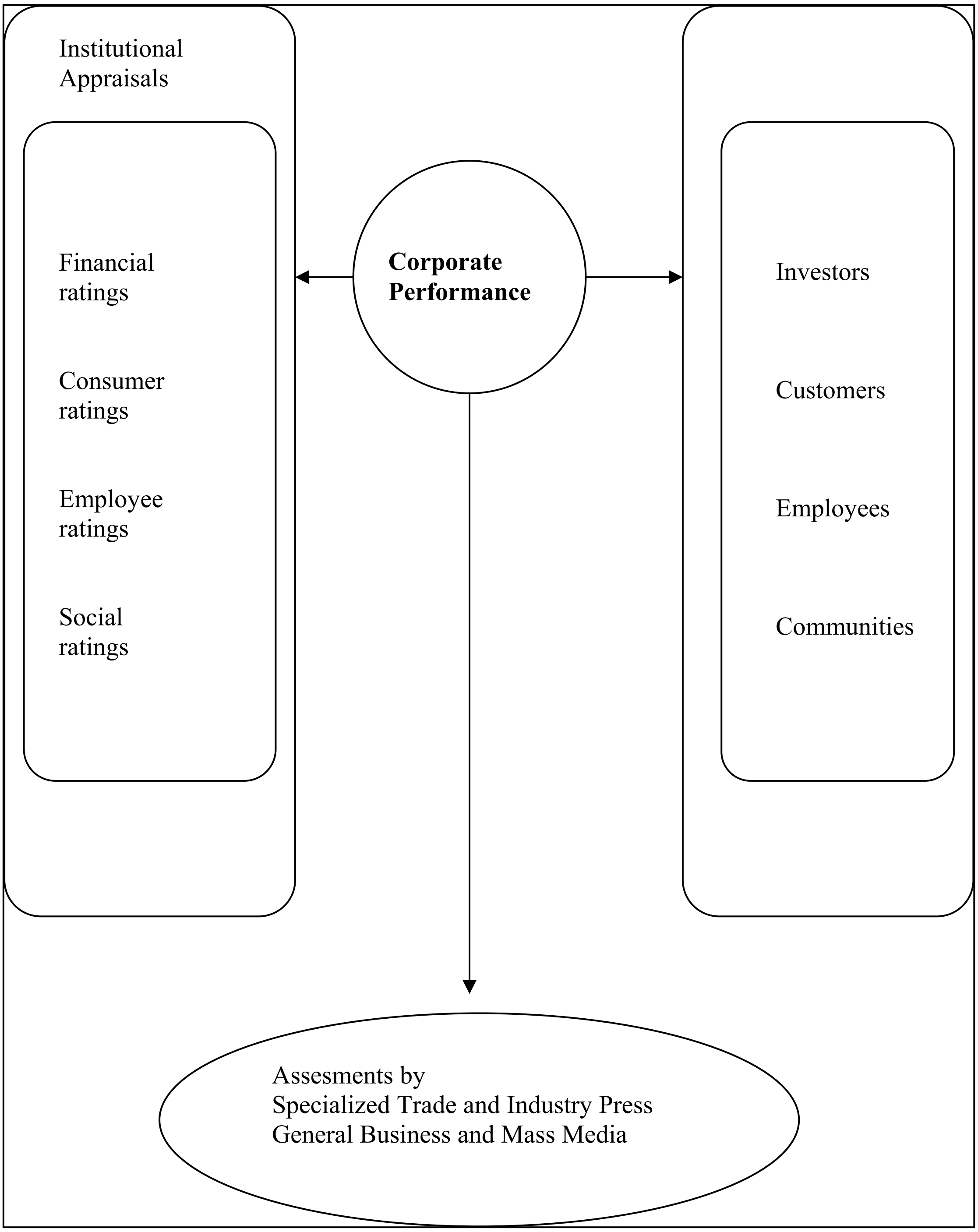
Poiesz (1988) also suggests that if consumers did not draw on reputation, it would be difficult to give the purchasing decision for them. Consumers are not always rational decision-makers in buying decisions because of many reasons like unfamiliarity with all available alternatives; lack of information about features of a particular product; inability to judge all of those features correctly, imperfectness of the memory, inability to process and store new experiences etc. Therefore, consumers are more and more inclined to base decisions on emotions, with incomplete information, and on unconscious processes, which means they have to rely on reputational data (Poiesz, 1988). As Lilli (1983) states; reputation reduces the search for information by simplifying the information process. Especially in FMCG sector, products and brands are very similar and it is more difficult for customers to select one. Companies are increasingly searching the ways to glance among the rivals and rely on subjective, non-observable features of the product. A corporate reputation gives an easy guidance to make buying decisions (Riel& Fombrun 2007, pp.48- 49). “Reputation creates a mental shortcut for stakeholders by providing them a global understanding that they can ascribe to a company and on which they can rely to justify relevant decisions (Pruyn 1990)”.

3.4 CONSTITUENTS OF CORPORATE REPUTATION

To build an enduring and resilient reputation, a company must establish strong relationship with its key constituents (Fombrun 1996). A company must meet the expectations of its employees, shareholders, investors, communities it serves as well as the customers. Moreover the companies have to consider the other influential specialized groups such as government agencies that monitor the compliance with standards, financial ratings agencies, corporate conscience agencies, consumer agencies and many more. Fombrun (1996) indicates that a whole performance assessment and reputation- building industry has evolved that scrutinizes, evaluates and champions companies.

The relationship between the company and reputation industry is shown in Figure 3.2. Each specialized agency group became skilled at determining a particular constituents' interest, drew attention to different aspects of a company's performance and affected its various images and its overall reputation.

Figure 3.2: The reputation building industry



Source: Fombrun, 1996, Reputation, p. 61

All the constituents' priorities are different. Customers expect reliability, they want the company's product and service claims to be true. Investors and suppliers demand credibility; they want companies to keep their promises and commitments that are claimed in all the communication mediums. Employees expect trustworthiness; they want to be treated fairly and honorably. They also want companies to respect their individual and citizen rights. Well regarded companies work hard to establish trust with their employees to sustain their reputation. Communities expect responsibility. They want companies to participate in social and environmental matters. They expect companies to consider the wellbeing of the communities and put back at least as much as they take from their social and physical environments (Fombrun 1996, p.70)."

Linthicum (2010) suggests that corporate audiences, including institutional and individual investors, customers and suppliers, public authorities and competitors, evaluate the reputation of firms when making choices and other decisions. Walker (2010) also emphasizes the stakeholder approach in his definition; "Corporate reputation represents what is actually known by both internal and external stakeholders ". Another definition that indicates the empowered constituents is Love& Kraatz's (2009) definition: "Corporate reputation is an important asset or liability bestowed upon a corporation by its stakeholders" (Gottschalk 2011, p. 29).

With all these aspects, Fombrun offers the following working definition of a corporate reputation; "A corporate reputation is a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals (Fombrun 1996, p.72)".

3.5 ADVANTAGES OF REPUTATION

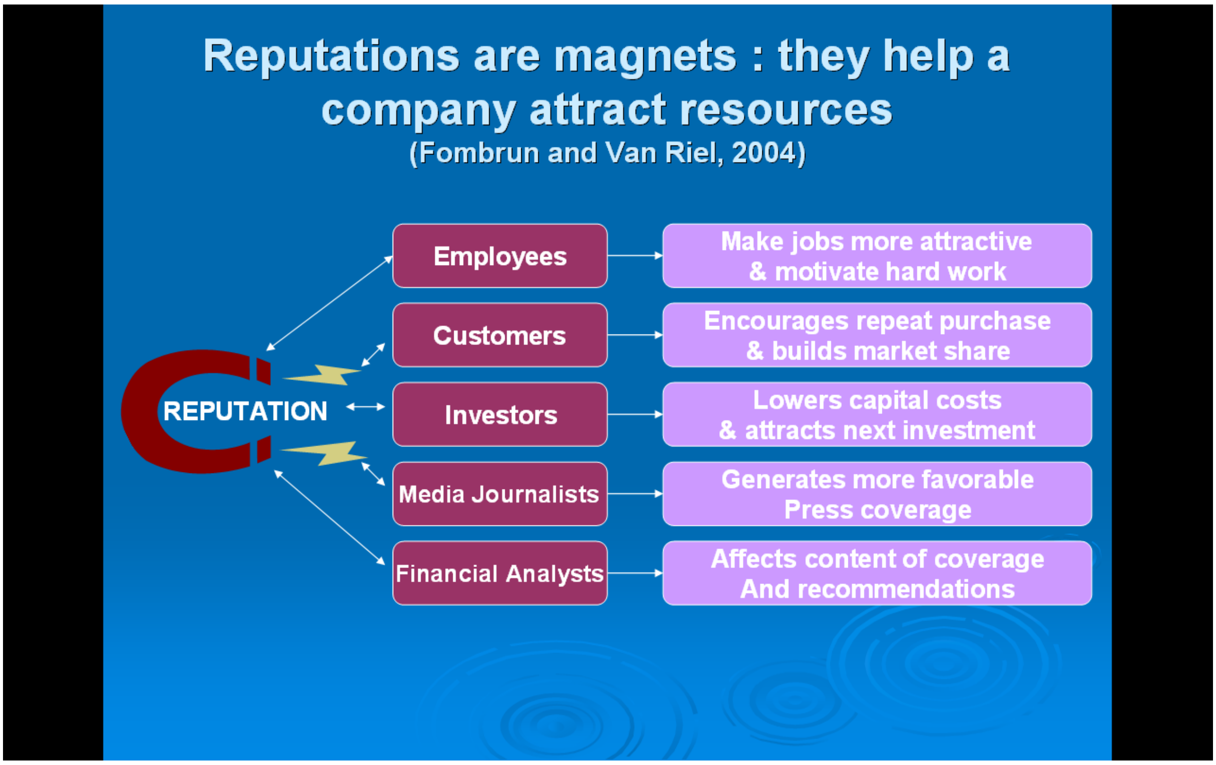
A good reputation acts like a magnet: It attracts us to those who have it (Fombrun& van Riel 2004). It is known that a strong corporate reputation has many advantages like;

attracting and retaining employees more easily,
commanding premium prices for products,
paying lower prices for purchases,
attracting new sources of financial capital

facing fewer risks of crisis
experiencing greater loyalty from consumers and employees,
having more stable revenues,
having greater latitude to act by their constituents (Fombrun 1996, p.73).

Fombrun& van Riel specify how reputations influence the decisions people make as shown in Figure 3.3. They suggest that a good reputation effects the decisions of customers about which company's product to buy, employees about which company to work for, investors about which company's shares to accumulate (Fombrun& van Riel 2004, p.5). Figure 3.3. also indicates that reputations affect the judgments of media journalists and financial analysts.

Figure 3.3: Reputations are magnets; they help a company attract resources



Source: Fombrun& van Riel, 2004, Fame and Fortune, p. 5

There are many benefits of reputation for a company, as mentioned before, but they all come to very significant thing: A strong reputation creates a strategic advantage (Fombrun 1996, p.80). There is a big competition among the companies for the support of consumers, investors, suppliers, employees, communities. A strong reputation creates an intangible obstacle that the rivals can hardly overcome. “That competitive advantage alone is enough to guarantee stronger long run returns to better regarded companies (Caves& Porter 1977, p.34).

“A good reputation matters because it is a key source of distinctiveness that produces support for the company and differentiates it from rivals (Fombrun& van Riel 2004, p.5).” Differentiation based on reputation has become more important for the companies because of the very similar products and services that consumers hardly distinguish.
There are many scholars who have worked on the effects of corporate reputation and some of the main arguments used to describe the significance of the debate are as follows (Riel& Fombrun 2007, p.48).

> *A good reputation helps a company attract the people necessary for its success analysts, investors, customers, partners, and employees. Identity management can secure that good reputation (Chajet 1989).*
> *Reputation is a representation in the mind. It affects attitudes, which in turn affect behavior. No company can afford to ignore reputation. The impression it creates– consciously or unconsciously, whether it wishes to or not– inevitable affects people who do business with it (Bernstein 1986).*
> *Research has found 9 out of 10 consumers reporting that when choosing between products that are similar in quality and price, the reputation of the company determines which product or service they buy (Mackiewicz 1993).*
> *A good reputation can serve to buffer a corporation from economic loss in specific types of crises (Jones 2000).*
> *Corporate reputation is an intangible yet important factor that influences stakeholder behavior, including employees, management, customers and investors (Friedman 2009).*
> *Reputation is thought to enhance customer satisfaction and loyalty, employee attraction and retention, firm equity and investor awareness (Highhouse 2009).*

Consequently as Fombrun (1996) has suggested; corporate reputation has a bottom line effect. It enhances profitability by attracting consumers to the company’s products, investors to its securities, and employees to its jobs. This suggestion has been a significant discussion among the scholars and brought up the measurement issue of corporate reputation as an intangible asset.

3.6 REPUTATION ON FINANCIALS AND MEASURING CORPORATE REPUTATION

Corporate reputation is an intangible asset firms use to create a competitive strategic advantage to distinguish themselves from other firms. Although corporate reputation is a significant and relevant corporate asset, measurement challenges have kept this major intangible asset out of the financial statements for many decades (Kraven, Oliver& Ramamoorti 2003, pp.201-212). However, as Lev (2001, p.102) notes; "measurement and valuation difficulties concerning intangibles should not provide an excuse for nondisclosure of relevant information about intangibles". Moreover, Hitt (2001 in Flatt& Kowalczyk 2006) notes that "intangible resources are more likely than tangible resources to produce a competitive advantage". Porter (1996) also proposes that a sustainable competitive advantage results from a tight strategic fit among a highly integrated set of tangible and intangible relationships. The challenges about this intangible but valuable asset made the scholars study on measuring and determining the predictors of corporate reputation (Kraven, Oliver& Ramamoorti 2003, pp. 201-212).

Researchers that have studied on the debate helped to identify predictors of reputation and establish the important role reputation performs to influence firm performance. Flatt and Kowalczyk (2006) summarize these works as;
Research on measures of reputation; Fombrun 1998, Cravens, Oliver& Ramamoorti 2003;
Problems with measures of reputation; Fombrun& Shanley 1990, Brown& Perry 1994, Fryxell& Wang 1994;
Identification of the antecedents and consequences of reputation; Black, Carnes& Richardson 2000, Roberts& Dowling 2002, Carmeli and Tishler 2004.

Although the researchers have different aspects about the subject, they have established a consensus that economic factors are key predictors of reputation (Sabate& Puente 2003). Empirical evidence also confirms that a favorable reputation leads to higher financial performance and a strategic advantage. Flatt& Kowalczyk (2006) summarize these researches with their results as shown in Table 3.1.

Table 3.1: Researchers that worked on reputation and the scopes of their works

Reducing competitive rivalry and mobility barriers to deter market entry	(Caves& Porter, 1977; Milgrom& Roberts, 1982)
Charging premium prices	(Benjamin& Polodny, 1999)
Creating greater stability in stock prices	(Vergin& Qoronfleh, 1998)
Reducing operating costs and attracting talent to a firm	(Fombrun, 1996)
Positive impact on capital gain	(Vergin& Qoronfleh, 1998)
Positive impact on the stock market	(Jones, Jones& Little, 2000)
Positive impact on market value	(Black, Carnes& Richardson, 2000)

Source: Sylvia J. Flatt, Stanley J. Kowalczyk, 2006

Roberts and Dowling (2002) also suggest that firms with good reputations are more likely to sustain a superior financial performance over time. These studies document that reputation is an important intangible resource that enhances a firm's ability to gain a competitive advantage and achieve higher financial performance. Beside these, reputation; takes time to create, can not be brought and easily damaged (Scot& Walsham 2005). Moreover, reputations are contextual; different organizations will have different reputation characteristics depending on the details of their situation (Deephouse& Carter 2005). Therefore it is a complex organizational characteristic concept and this affects how it can be formally studied. The most popular ways to describe the debate are; reputation ranking studies and reputation indexes such as; Fortune, Management Today, Financial Times, Rayner (2001), Reputation Quotient and Reputex Social Responsibility Ratings (Bebbington, Larrinaga& Moneva 2008). They mostly focus on five elements:

financial performance
management quality
social responsibility
employee related factors
the quality of the product/services

These are the aspects that are used by individuals to evaluate reputation and also that managers perceive individuals may use when they form a view of the organisation's reputation. In the commercial reputation ranking studies; Fortune, Management Today and the Financial Times, rankings are based on the esteem of one's peers and sometimes other individuals. Reputation Quotient is a two stage study, starting with a nomination phase and finishing with a detailed ranking exercise accomplished by a different and very large set or respondents. Reputex Social Responsibility Ratings draws on the perceptions of selected stakeholders and researchers and is constructed through a series of engagements between the research groups and the companies themselves. Table 3.2. lists the criteria that the different reputation raking surveys.

Table 3.2: Summary of corporate reputation conceptualizations

	Measurement categories					
Survey	Financial performance	Quality of management	Social, environmental, community, and ethical issues	Employee related-factors	Quality of goods and services	Other
1. *Fortune*	Use of corporate assets, financial soundness and long-term investment value	Quality of management and ability to innovate	Social responsibility	Employee talent	Quality of products and services	N/A
2. *Management Today*			Community and environmental responsibility	Ability to attract, develop, and retain top talent		N/A
3. *Financial Times*	Value for shareholders	N/A	Management of environmental resources	N/A	Value for the consumers	
4. Rayner (2001)	Financial performance and profitability	Corporate governance and quality of management	Social, ethical and environmental performance	Employees and culture	Marketing innovation and customer relation	Communication and crisis management, regulatory compliance and litigation
5. *Good Reputation Index*	Finance performance	Management, ethics and governance	Environmental performance, social, ethics, and governance	Employee management	Market position	
6. *Reputation Quotient*	Financial performance	Vision and leadership	Social responsibility (inc. environment)	Workplace environment	Product and services	Emotional appeal

Source: Bebbington *et al.* (2008a, p. 361)

Source: Bebbington, Larrinaga& Moneva, 2008, p.361

3.6.1 Fortune Reputation Index

Reputation studies have been criticised because their input is usually based on the assessment of a narrow group of stakeholders (Wood 1995). Mahon (2002) criticizes Fortune Reputation Index as an invalid measurement tool because it focuses only on financial performance from the viewpoint of CEO’s and financial analysts. However, empirical studies confirm that the Fortune rankings are subject to a significant financial halo effect (Baucus 1995; Fryxell& Wang 1994), reflecting the fact that top executives, consistent with their interests, are probably assessing financial performance of the organisation, rather than the broader elements of reputation which the ratings purport to measure (Bebbington, Larrinaga& Moneva 2008)

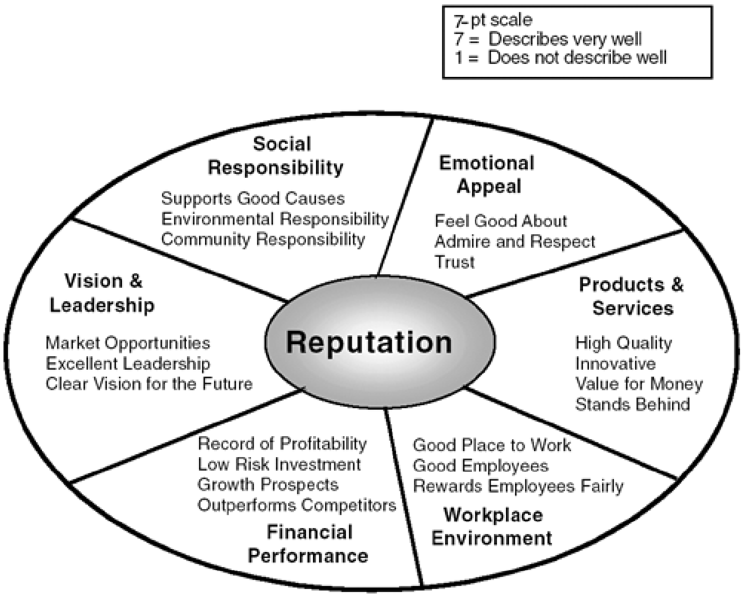
Despite the serious limitations, Fortune’s annual study of the “Most Admired Companies in America” (AMAC) was the most prominent monitoring system used by academics and practitioners to measure corporate reputations since it was launched in 1982, till 2000’s. It has provided the longest-running, relatively consistent source of empirical data on corporate reputations that can be drawn on for research and analysis. Practitioners also found it useful because the database provided them access to benchmarks (Riel& Fombrun 2007, p.246). The weaknesses of Fortune’s study have forced the ‘father of reputation’ Charles Fombrun and Reputation Institute (RI) to work more on the issue and he first developed Reputation Quotient with Harris Interactive (Market Research firm) in 1999 and later RepTrak model in 2005.

2.6.2 Reputation Quotient (RQ)

After the development of the Reputation Quotient instrument in 1999, the Reputation Institute sponsored annual RQ survey of consumers whose topline results have been featured in the Wall Street Journal and other prominent newspapers around the world. RQ has been used to measure corporate reputations in over 26 countries by asking consumers to rate companies on 20 items grouped around six dimensions which are; emotional appeal, products and services, vision and leadership, workplace environment, social responsibility, and financial performance (Riel& Fombrun 2007, p.248).

RQ has been applied since to both generic country studies and in specific company analyses (Fombrun et al. 2000). It was important in addressing weaknesses of the Fortune and other rating surveys. It provided a different stakeholder viewpoint on the reputations of companies by surveying consumers. "What made the RQ a particularly powerful contributor to reputation measurement was its ability to untangle the possible reputation drivers by close examination of the interrelationships between attributes, dimensions, and an overall rating of corporate reputation (Riel& Fombrun 2007, p.250)." Figure 3.4. summarizes the standardized structure of the RQ model.

Figure 3.4: RQ: Six dimensions and 20 attributes

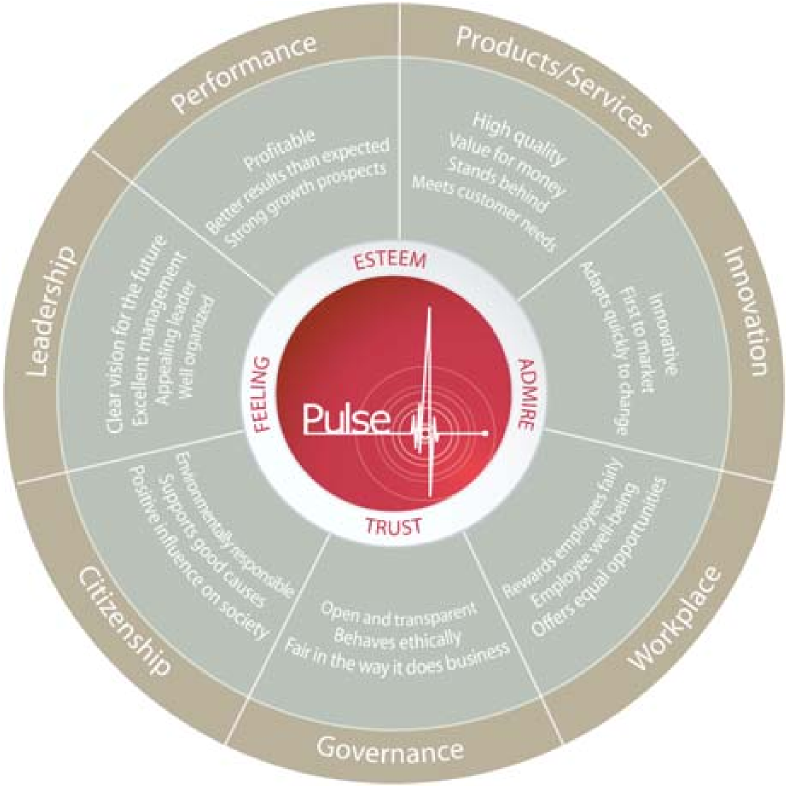


Source: Fombrun, van Riel, Fame and Fortune p. 53

3.6.3 The Reputation Institute's RepTrak System

The starting point for creating RepTrak was the fundamental weaknesses of the Harris–Fombrun RQ instrument that has been evident over the years (Gardberg 2005; Fombrun et al. 2000). The RI has started to work on RepTrak in 1997 and introduced the model in 2005. The system relies on the RepTrak Scorecard – an instrument that tracks 23 key performance indicators grouped around seven core drivers that were created from qualitative and quantitative research conducted in six countries. Figure 3.5 shows the structure of the RepTrak®.

Figure 3.5: RI's RepTrak scorecard



Source: Riel and Fombrun, 2007, p.253

The RepTrak is the world's first standardized and integrated tool for tracking corporate reputations internationally across stakeholder groups. It enables companies to select the data they want to see in their RepTrak and can juxtapose both perceptual surveys with analysis of media content and it provides companies with direct access to the perceptions of consumers, investors, and employees. All this, benchmarked against the companies' key rivals. The dimensions of RepTrak are statistically independent of each other and this makes the model strongest ever. This also reduces problems associated with multi-colinearity in data analysis and strengthens conclusions about the relative impact that specific attributes and dimensions have on the company's overall reputation.

Reputational ratings offer a powerful way to draw attention to public perceptions of company's relative success at meeting stakeholder expectations. Although most reputation ratings in use have some weaknesses, their growing popularity offers the business a significant measurement about corporate performance (Riel& Fombrun 2007, p.253).

3.7 CORPORATE REPUTATION AND CSR

Besides the financial performance measurement, there is a stream of research interested in interactions and processes within corporate reputation and social issues management context (Mahon& Wartick 2003). CSR has been regarded as a matter of reputation (Brammer& Pavelin 2004; Mahon& Wartick 2003; Logsdon& Wood 2002; Mahon 2002; Zyglidopoulos 2001; Wood 1991; Carroll 1979). It has attracted so much attention in organisational and strategic debates that its effects and relationship with reputation are studied by many scholars. Siltaoja (2006, p.94) expresses some of them as:

CSR & financial performance; (e.g. Orlizky et al. 2003; Carmeli& Cohen, 2001; Griffin& Mahon, 1997; Burke& Logsdon 1996) CSR& improved relations with bankers and investors (Spicer 1978) company's sharpened reputation (Fombrun& Shanley 1990), improved employee morality and employee inducement (Turban& Greening 1997), industry-specific correlations between good reputation and philanthropy (Brammer& Millington 2005) and sense of loyalty among both customers and employers (Maignan et al. 1999), relationships with primary stakeholders (Clarkson 1995). These all are not just the competitive advantages of a company but also the dimensions of reputation.

Reputation measurement tools that are mentioned in the previous section have increasing numbers of different construct measures (Helm 2005) and CSR, corporate citizenship, environmental responsibility, sustainability and other terms related to social concerns have been a significant part of them. Using The Fortune Reputation Index, positive relationship between CSR and financial performance has occurred (Fombrun and Shanley 1990; McGuire et al. 1988). Fombrun suggests CSR as one of the dimensions among six others to measure reputation in RQ and also in his more developed latter model; RepTrak.

Lewis (2001) suggests similar criteria to measure reputation but with an emphasis on responsibility. He lists the dimensions as: product quality, customer service, treatment of staff, financial performance, quality of management, environmental responsibility and social responsibility. Schultz (2001) suggests the dimensions as: environmental responsibility, price, human resources, internationalization, financial strength and importance to society (Siltaoja 2006, p.94).

Klein& Dawar (2004, pp.203-217) propose that CSR has value to the firm as a form of insurance policy against negative events. Knox& Maklan (2004, pp.508-516) state: “being trusted by stakeholders and pursuing socially responsible policies reduces risks arising from safety issues, potential boycotts and loss of corporate reputation.”

There is also evidence that companies try to manage their reputation risks by means of their CSR reports (Bebbington, Larrinaga& Moneva 2008). The GRI guidelines (GRI 2002, p.4) also confirms the perception of a link between reputation risk management and CSR reporting when it is asserted that “the process of developing a sustainability report provides a warning of trouble spots . . . . in reputation and brand management”. KPMG’s (2005, p.2) survey of CSR reporting also claims that one of the business drivers for CSR is “to have a good brand and reputation” (Bebbington, Larrinaga& Moneva 2008). Friedman& Miles (2001, p. 528) suggest that reputation risk management is one of the main drivers of CSR reporting, specifically that a company’s reputation lens “would make companies more aware of the need to manage a wide range of environmental, social and ethical risks and to show externally that they are doing so” (Bebbington, Larrinaga& Moneva 2008).

With the development of technology, the use of rapid and widespread communication vehicles and increasing voice of communities with activist groups forced companies avoid negative behaviour and act more attentive and conscientious (Peloza 2005, pp.6-8). As the markets have become global and more competitive, CSR has become an even more important source of differentiation for firms. Dawkins& Lewis (2003) found that over half the population in their sample ranked forms of corporate responsibility such as community commitment as the most important factor in forming an impression of a firm. And the impression of a firm, the value of a positive reputation is “precisely because the development of a good reputation takes considerable time, and depends on a firm making stable and consistent investments over time (Roberts& Dowling 2002)”.

4. RESEARCH

4.1 PURPOSE OF THE STUDY

In this research, the relationship between CSR and corporate reputation is examined from the viewpoint of value theory. The purpose of the study was to form categories of value priorities around CSR and reputation. The research is based on the study of Marjo Elisa Siltaoja (2006) who has first examined the subject in a Finnish newspaper organization. Her results suggested that value priorities play an influential role in CSR actions, influencing to the essence of certain reputation stories in the corporate context. A similar study has been designed to see the CSR & reputation relationship from the value priorities of the internal stakeholders -employees- of a giant global FMCG company, Procter and Gamble (P&G) that operates in Turkey as well as 80 countries in the world with its more than 127.000 employees worldwide.

The company has approximately 300 brands (50 leadership brands) that are being sold to 4.4 billion people in over 180 countries. http://www.pg.com/en_US/company/purpose_people/index.shtml
P&G's market capitalization is greater than the gross domestic product (GDP) of many countries and the company had 82, 6 billion USD net sales in 2011 (P&G Annual Report 2011).

P&G is recognized as a leading global company, including a #5 ranking on Fortune's "Global Most Admired Companies," the #10 ranking on Barron's "World's Most Respected Companies List," a #25 ranking on Business Week's list of "World's Most Innovative Companies," a #3 ranking on the AMR Research Supply Chain Top 25, top rankings on the Dow Jones Sustainability Indexes from 2000 to 2011, a ranking on the list of the Global 100 Most Sustainable Corporations in the World, and a consistent #1 ranking within its industry on Fortune's Most Admired list for 26 of 27 total years and for 14 years in a row (P&G Sustainability Overview 2011).

This is the 13th year that P&G has reported on its sustainability efforts. The company reports its efforts on products, operations, and social responsibility every year using the Global Reporting Initiative's (GRI) guidelines and also defined a long-term environmental sustainability vision and 2020 goals, in September 2010.

P&G has been a member of the FTSE4Good and Dow Jones Sustainability Indexes (DJSI) since their inception. P&G is the Household and Personal Care Products leader on the Corporate Knights Global 100 list of the world's most sustainable corporations and is on the Corporate Responsibility Magazine 100 Best Corporate Citizens list. Company reflected its CSR approach, sustainability efforts and commitments in its 2011 Sustainability Overview as below:

> *P&G is the largest consumer packaged goods company in the world today. This very fact, coupled with our Purpose-inspired Growth Strategy — improving the lives of more consumers, in more parts of the world, more completely — requires us to continue to grow responsibly.*
> *At P&G, we're committed to delivering products and services that make everyday life better for people around the world. Our opportunity to touch and improve lives comes with a responsibility to do so in away that preserves the planet and improves the communities in which we live and work. We're continuing to make progress in our focus areas of Products, Operations and Social Responsibility, enabled by our employees and our stakeholders.*
> *In order to deliver our environmental and social programs, we must engage our employees and stakeholders. Our objective is to equip all P&G employees to build sustainability thinking and practices into their everyday work. We will also work transparently with stakeholders to enable us continued freedom to innovate in a responsible way.*

The reasons why P&G is decided to be chosen for the research is; the company's successful history since 1837 as one of the world's leading consumer products companies, its efforts about sustainability& CSR and its reputation worldwide. According to Reputation Institute, P&G is 38th in CSR Index (CSRI) among the U.S. companies (Most Socially Responsible Companies in the U.S. in 2010, Reputation Institute, 2010). It is also the 27th most reputable company worldwide (Reputation Institute Global Reputation Pulse 2010).

P&G has been operating in Turkey since 1987 and has invested more than 550 million USD in the country so far. With its 24 brands and more than 900 employees, P&G Turkey is a strong influencer about CSR and sustainability efforts with its global and corporate approach to the debate (P&G Turkey Sustainability Summary Report 2009).

4.2 RESEARCH METHOD

The research explores the relationship between CSR and corporate reputation using qualitative research approach. The study mainly draws on the descriptive and interpretive tradition in analyzing and examining the content of conducted interviews (Siltaoja 2006). Interpretive approach indicates that the focus is on the meanings attributed by the interviewed individuals to different concepts (Lamsa 1999). The link between CRS and reputation examined from a data-inspired view and the collected interviews are interpreted by the content-analysis method, as the premiere source of information.

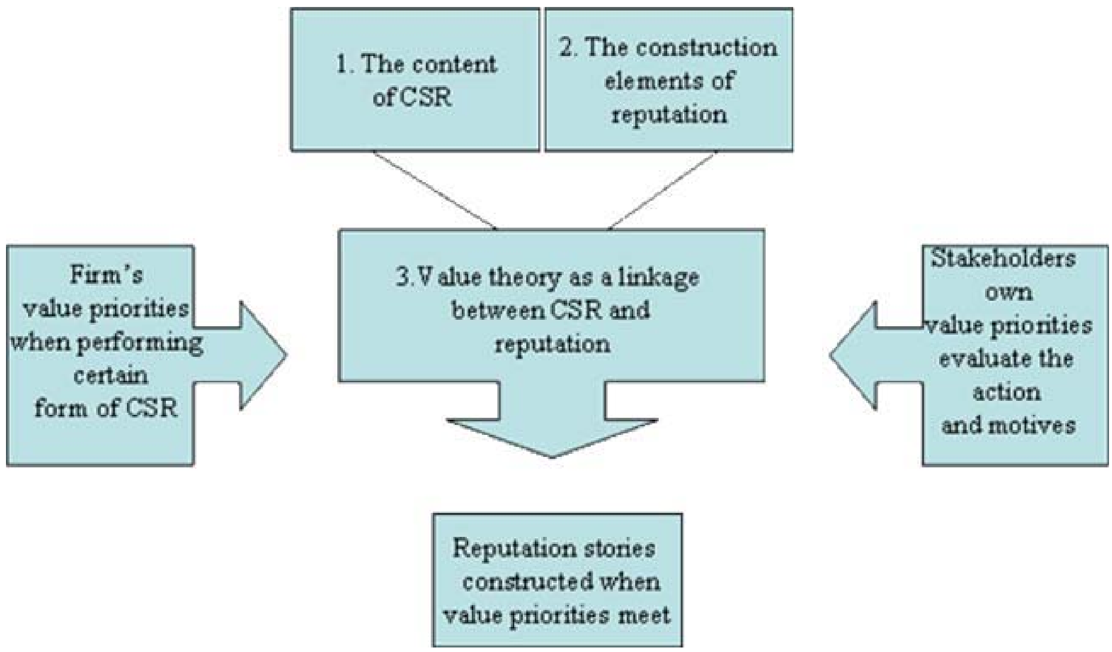
Content analysis is based on communication theory and research to examine communication process (Polit&Hungler 1995 in Siltaoja 2006). The data can be analyzed either from a qualitative or quantitative perspective (Tesch 1990 in Siltaoja 2006). This study uses the qualitative approach therefore the focus is on language in the interviews. The results of the analysis are presented in the form of categories (Polit& Hungler 1995 in Siltaoja 2006).

This study examines the views of the interviewed employees at the individual level to see as the projections of actions at the organizational level. Employees' concepts are extended to represent the studied phenomenon within the company, and then connected to its relations with others. The data were gathered among employees of the major global FMCG Company, P&G, working in different departments such as sales, logistics, stakeholder relations and supply chain. The selection criteria were based on the employees' work experience of no less than four years with the company, and on their job description favouring positions with various stakeholder connections. The data was collected in 2011 December and derived from six interviews (four women, two men). Before the interviews, no information has been given to the interviewees in order to prevent them to think and study on the subject that will be discussed. The interviews were all performed face-to-face, tape recorded and transcribed verbatim. Their length varied from 13 to 31 minutes. The data was reread many times to form a comprehensive general view and divided into basic categories by doing word-frequency count and data reduction. Weber (1990, p. 37) defines a category as a group of words with similar meaning or connotations. The sentences were examined in relation to the context in which they were spoken. After forming the main categories of dimensions of CSR and reputation, it was returned back to the original themes of the data to examine the motivational concern for CSR actions proceeding to examine them from value-theoretical viewpoint. Moreover, to highlight the interpretative nature of the study, some additional sentences quoted from the interviews into the categories tables.

4.3 MODEL OF THE RESEARCH

The model of the research is presented in Figure 4.1 and is based on Siltaoja's (2006) study.

Figure 4.1: The linkage between CSR and reputation



Source: Siltaoja, 2006

In the model, the content of CSR and the construction elements of reputation are linked by the value theory (Schwartz 1992, 1994, 1999). "Reputation is about perception and interpreting various 'cues' which are hard to distinguish and identify" (Schultz 2001).

The model suggests that there exists a link between CSR and corporate reputation based on the notion of value priorities (Siltaoja 2006). This linkage is closely associated with employees' own value priorities and depends on the overlap between corporate actions and individual's own valuations as constructed entities. It is proposed that value priorities within the context of CSR and reputation have a function: they form the basis of CSR actions and are the criterion to evaluate the appropriateness of these actions for similarly affecting to the reputation of the company (Siltaoja 2006).

The overall implication in the Figure 4.1. is that CSR and reputation are highly dependent on the context, for without knowing what people understand by CSR or ethical behaviour, it is not possible to evaluate corporate actions in the framework of reputation. When a company's actions are assessed by various stakeholder groups, its reputation is constructed according to their respective value priorities and the assumed motives of the company (Siltaoja 2006).

4.4 FINDINGS

The constructionist approach in this research -as Siltaoja's (2006) research- refers to the assumption that CSR and reputation exist through human interaction as individuals create and sustain the social world by means of language (Guba& Lincoln 1998). The main categories formed using the content analysis method are shown in the following tables (conceptual maps/ categories) and figures. The first two categories (Tables 4.1. and 4.2.) present the findings related to the subcategories and describe what factors are understood to be the essence of CSR in a global FMCG company and of what elements reputation is constructed. Table 4.3 illustrates the motives and incentives for some CSR actions and how other stakeholders would react to certain CSR behaviour at the level of reputation. The analysis focuses on stories that refer to the issues under examination and conceptualizes their content.

4.4.1 The Essence of CSR

Table 4.1. defines the elements of CSR in the FMCG Company and factors that employees expect to be taken care of for the company to be responsible. The dimensions of CSR as seen by the interviewees are: ethic& &morality, which is the main element, discretionary and social responsibility, economic responsibility, HR policy and environmental responsibility.

Table 4.1: Categories: the content of CSR and its main dimensions

Main Dimensions of CSR Actions	Focus of Action	Origins of Action	Sample Quotes	Relation to Views of CSR
Ethic& Morality	Basis for all actions reflection of common policy	Historical evidence of being a global power more than 100 years	"Honesty& Integrity is extremely important for a FMCG company"	Ethical Responsibility
Discretionary and Social Responsibility	Promoting education, health, culture and especially disadvantaged people in the society	As a global power, responsibility to the local people and areas to improve them is a task	"We have to do something for the city, country which we operate in". "A company must be a part of the community with the investments, campaigns, philanthropies, schools etc."	Discretionary and Social Responsibility

Economic Responsibility	Sustainable and profitable business	Responsibility towards shareholders and the community as continuity both within the local and global arena	"Company has a responsibility towards its shareholders who have trusted and invested their money and took up shares/stocks of it"	Economic Responsibility
HR Policy	Proper and appreciative treatment of HR	Responsibility towards employees as the most important asset of a global company	"P&G says 'people are my most important assets'. A company must behave to its employees as the most important asset and improve, educate and care them."	Social Responsibility
Environmental Responsibility	Maximum environmental systems in preserving the nature	All actions due to sustainable development	"We are good citizens, we have to do the best for our nature"	Environmental Responsibility

Ethics and Morality are used synonymously, and are defined as ''the code of practice and manners to evaluate right and wrong''. Responsible actions are closely associated with business strategy and ethic& morality is the foremost feature of responsible behaviour according to the findings. The implication is that morality forms the basis for all the action in a global FMCG company whose duty is to touch millions of people everyday around the world to enable their lives to get better.

To maintain the values of creditability and trust -both of which have an ethical reference and are essential values to any FMCG company that reaches the masses– corporate actions have to be bound to ethical norms that also promote ethical responsibility. This means that ethical responsibility forms the bottom line together with the other categories. The concept is also accepted as an evidence of surviving more than 170 years by the interviewees as the number one value of the company -integrity-.

Discretionary and Social Responsibility means the actions that favour the society in which the company operates. The findings indicate that the Social Responsibility of a company is mostly seen as the voluntary philanthropic activities and sponsorships for the society. With many powerful brands and huge profits, the global FMCG Company can be influential on the local business by many ways with various stakeholders. With the strong belief of the power of MNE, the interviewees see the philanthropic activities, sponsorships, educational, health, environmental and cultural SR projects as a significant 'effort' about 'giving' to the society and local areas what they take. Although they believe that the companies do not share enough, the intimacy is an important problem about the issue and it is not a 'should', it is rather 'nice to have and voluntary'; the common approach is that the CSR actions are very significant for the society and an important component of reputation and sustainability.

Economic Responsibility highlights the sustainable profitability. In order to be a beneficial actor towards the various stakeholders, a company needs to be profitable. Economic responsibility further stresses the shareholder standpoint and the benefits to the company from meeting economic requirements: trust in the eyes of the stakeholders. The balance between economic preferences and good business policy is of primary importance. Economic responsibility is also empowering in the name of continuity. Profitability creates jobs, invests more, innovates, donates more, and motivates more therefore it is seen as a responsibility towards shareholders as well as all the inner and outer stakeholders of the company.

HR Policy refers to the position of corporate employees. How does the company respond to the needs of human resources and value them as individuals? The most mentioned issue was the proper and appreciative treatment of the company to its employees. They all indicated that employees mostly start to work there after their graduation from school and usually stay there many years in different departments and also in different countries if they prefer. They see themselves as the most important asset of the company. 'Promotion within system' is mentioned as the biggest evidence of their satisfied workforce by all the interviewees. Other issues like wages, compensations, vacations, pregnancy rights, non-discrimination principle, education, training, motivation gifts are also mentioned as the other valuable treatments of the company.

Environmental Responsibility stresses the importance of sustainable development. It involves developing standards complying with quality and environmental systems. This dimension also emphasizes responsibility for the future in preserving a clean and healthy environment for the next generations and is considered more like an obligation. The other part of the issue which is not protected by the laws or company's other codes and standards, is seen as a Discretionary and Social Responsibility of the company.

Although the above components form a coherent whole, their role can be divided into inner and outer responsibilities according to the primary and secondary stakeholders (Clarkson 1995). Internal responsibility can be seen as the company's shareholders, customers and employees who are more important, for it involves the basic business function of the company. Environmental Responsibility reflects internal as well as external responsibility because it contributes both to the organizational and the regional level.

There is one more issue which the interviewees have mentioned but not underscored as a CSR; Legal Responsibility because they saw this as an obligation not as a responsibility. Although it is also a part of environmental responsibility, HR policy and economic responsibility, because of the global company's large scale, codes, standards and the long historical existence, was not a concern for the interviewees so could not have a place in the table.

4.4.2 The Essence of Reputation

Based on the empirical data, reputation could be constructed with six different sources. Table 4.2. describes what the interviewed employees of a global FMCG company perceived as the essence of corporate reputation, reflecting some differentiating shifts in emphasis. These are: ethics and morality, history, efficiency- success, the product-service, public image and HRM.

Table 4.2: Categories: Factors- components of corporate reputation

Reputation Criteria	Ethics& Morality	History	Efficiency- Success	The Product	Public Image	HRM
Main Values	Trust, Responsibility, Honesty, Integrity	Consistency, Corporate, Leadership	Sustainability, Systematic, Ambition Beneficial	Quality, Innovative	Transparency, Respected, Openness	Fair, Humanity, Openness
Main Source of Corporate Image and Narratives	All actions	Historical background and being a successful, global company with powerful brands	Stock markets, Productivity, Global& Economic Power	Innovative Powerful, competing brands	All actions with various stakeholders including media	Treatment of HR
Sample Quotes	"To be a reputable company, the	"Consistency and doing the 'right	"Being global also influences the	"The product is important because we	"A reputable company must be	"A reputable company

	first and basic thing is ethics.”	hard’ is important for the companies like us that exist for ages. It is important to be corporate, not to depend on people.”	reputation positively; it is a financially growing company, powerful, profitable in a growing market. These influence the reputation.”	produce commodities that people use everyday which has many alternatives.” “We have very long Quality Assurance lists.”	transparent and proactive in crises and share the cases openly as a respected actor.”	is a company that is engaged to its employees, give them what they deserve and demand.”

Ethics and Morality means, honesty, integrity and responsibility that builds trust and respect in and outside the company. Trust is seen as a boomerang factor in the company. Building trust with ethical behaviors in the eyes of stakeholders is important; on the other hand, a good reputation maintains trust and appreciation by requiring moral and ethical behaviour. Trust must first be built inside the company with the primary stakeholders like employees, shareholders so that it can be spread to the secondary stakeholders. Regular contacts and communication with stakeholders further help to maintain their trust which builds the reputation day by day. As one of the interviewees said, building reputation takes time, you have to win and protect it in a long time period; it is not one day achievement.

History of the company is another reputation criterion because of the reason mentioned above. The company is a global company that has survived more than 170 years. More than 4 million people use its products everyday in almost every country in the world. It has many powerful and leader brands that have been living and leading for many decades. Consistency and doing the ‘right hard’ in all the cases -even though it has some costs- brings the sustainability and reputation. Establishing a corporate system that does not depend on people enables the companies to survive for ages. Moreover, a well-preserved history secures the future existence of the company as a kind of insurance. Reputation management should, therefore, not be separated from other corporate actions. Saxton (1998) reminds us that stakeholders consider everything they have heard, seen or thought about the company in the past to create expectations for its behaviour in the future. This underlines the importance of the historical aspect of reputation (Siltaoja 2006).

Efficiency- Success refers to the sustainability and corporate performance and is closely associated with financial performance. According to the data, the company as an influential global& economic power is also increasing its profits locally. Besides, the local market is also a growing one with many opportunities. These are the stones that build the sustainability and reputation in the MNE, according to the interviewees.

A company with a good reputation will enjoy its strong co-operation with its various stakeholders inside and outside as a reliable partner. A strong economic position also attracts new shareholders and increases commitment among existing ones. To be a beneficial partner, a company has to make profit (Siltaoja 2006.) This area is closely associated with research of Spicer (1978) whose results claim that companies with high CSR reputation ratings may improve relations with investors and bankers and gain access to their capital.

The Product is mainly related with the quality and innovating powerful brands while adapting to the change that the consumers require. The product can be regarded as one of the most important aspects of reputation because of its visibility. According to Weigelt& Camerer (1988), product reputation is obvious and associated with quality, price, service etc. In this research, the interviewees often mentioned about the mass production which means that they are tested every single day and every single minute all around the world. Producing commodities which have many alternatives complicates the differentiation. Because of this, they declared the importance of their products and their quality. The quality assurance systems, environmental policies, health- safety and other issues about the product are stressed as the focal points of the production. Good products build reputation and reputation creates and maintains demand for the products which is the primary achievement of any company -especially an FMCG company where the differentiation and loyalty is a challenge- .

Public Image refers to all the actions of the company towards various stakeholders in the empirical data. Interviewees states that a reputable company must be transparent and proactive in all the cases -especially in crises- and share the issues openly as a respected company. This must be internalized into all the actions towards the various stakeholders who perceive the company's reputation with many different dimensions. Another criterion that builds reputation in the public eye is the SR actions of the company according to the interviewees. The social responsibility campaigns, philanthropic actions, sponsorships, collaboration with other companies and NGO's for local development, the efforts about the society's welfare and improvement are stressed often during the interviews. These are seen as the duties of profitable and global FMCG companies that want to be reputable for a long-term.

Brown and Dacin (1997) propose that what consumers know about the company, may influence their reactions to company's products. Therefore, paying attention to associations that people have concerning the company, both for abilities and social responsibility is strategically important (Siltaoja 2006).

Leadership capabilities and effects on reputation do not exist in the empirical data which can be a sub dimension of Public Image criterion –or totally a criterion by itself-. Fombrun (1996) stresses the importance of leadership within reputation frame. However, as one of the interviewees said the CEO of the company personally does not like to be under the spotlights. The company itself also has the same attitude. For example, SR projects are not being communicated with big show offs. They are naively being realized as a duty. This is a corporate approach that comes from headquarter of the company (U.S.). Instead of using the leadership charisma, the company is enjoying its global and corporate attributes as a significant dimension of reputation.

HRM refers to the employee satisfaction here. The stories told about the issue strongly influence the perceptions of people. Treatment towards HR -with the new approach; as an asset not as a resource- is a very significant factor in the framework of reputation. This brings the advantage of winning the talent, keeping the know-how inside, fewer turnovers, motivation, commitment and many more advantages that lead to reputation, profitability and sustainability. Interviewees believe that the company has to be fair and open towards its employees. They state that a reputable company is a company that engages to its employees, give them what they deserve and demand. Employees are the attorneys; they communicate about this issue and influence various stakeholders' perception about the company.

Different stakeholders have different priorities among all these criteria. One criterion can be minor to a stakeholder while another one can be a major factor.

Based on the Siltaoja's research (2006) and previous studies, corporate reputation in the CSR frame can be defined as ''a collection of narratives, images and stories which are constructed in relation to the actions of the company and whose goodness or badness is determined by the extent to which it meets the value priorities of an individual, group or community''.

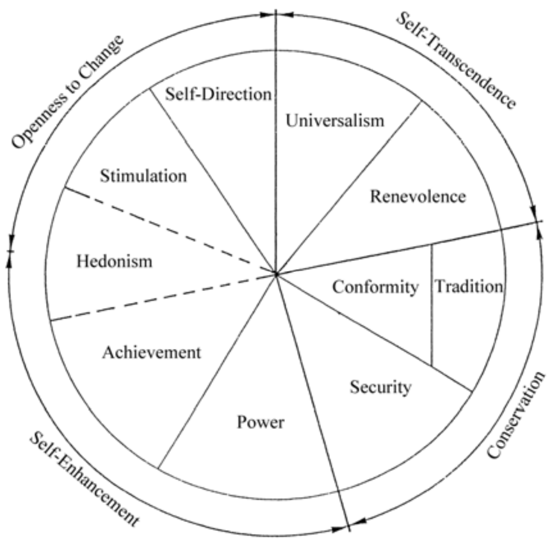
4.4.3 Value Theory Approach Connecting CSR and Reputation

Human actions are founded on values (Allport 1961). Therefore, CSR and other corporate actions are also based on values. Corporate reputation is a cognitive representation of a company's actions and results that crystallizes in its ability to deliver valued outcomes to the stakeholders (Fombrun et al. 2000; Fombrun& Shanley 1990). It evolves in various encounters between the company and its stakeholders (Karvonen 1999).

This research -as Siltaoja's (2006) study- suggests that value priorities are influential in defining, firstly, the motives for CSR action and, secondly, the essence of a good reputation in the minds of the stakeholders (Siltaoja 2006). All the CSR dimensions are examined to discover the underlying values of these actions.

The following section illustrates the value priorities of the global FMCG Company in the light of its CSR behaviour and the essence of its corporate reputation with respect to various value priorities. The discussion here reflects a descriptive view of the linkage between CSR and reputation in suggesting that certain value priorities assumed by a company can be seen in terms of CSR. The issues discussed below emerged in interviews with the employees of the global FMCG Company. Figure 4.2. describes the connection between the concepts used.

Figure 4.2: The Valuesphere



Source: Schwartz 1992, 1999 in Siltaoja 2006

The motives behind the actions are also clarified; however actions are often related to several motives. Another point is, Schwartz& Bardi's (2001) all the value priorities in the original figure are not discussed -such as hedonism and stimulation-, and some areas with similar motives and values are combined. Due to its descriptive nature, this research like Siltaoja's study (2006) deals with the meaning of value priorities and their linkage to CSR actions and reputation. The predominant position of ethics and morality in relation to CSR action emphasizes the presence of an ethical aspect in all CSR activities.

Table 4.3. describes the value-based link between CSR and corporate reputation as derived from the empirical data. The first column shows the types of motives reflected

by CSR action; the second column describes the actions deriving from those motives; the third column deals with the expression of value priorities; and finally, the fourth column reveals the kind of corporate reputation that is constructed when a certain motivational type guides CSR actions. The basic idea is that because companies operate at various levels their value priorities cannot be judged only in terms of a comparison with individual priorities (Siltaoja 2006).

Table 4.3: The value based relationship between CSR and reputation

Motivational types of values and related CSR actions	Focus of CSR in stressing a certain value priority	Expression of value priorities	Essence of reputation in various stakeholder groups
Power & achievement Economic responsibility Discretionary and Social responsibility	Related to the use of global and economic power in favour of the local people and areas. Financial result and financial soundness emphasize economic performance as a value-creating factor.	Sustainability, efficiency and being ambitious to be an influential authority and beneficial leader in the market. A global and profitable MNE may get achievements by acting in the arena in favour of citizens and stakeholders.	Critical reputation because of being a global leader in local arena but with an appreciation and gratitude. Creates a reputation of continuity in the line of business and visibility in media and the market.
Self-direction Discretionary and Social responsibility	Related to the company's brands. Also about preserving the company's own goals.	Innovativeness, quality and offering powerful products and shared value to the society.	Strong reputation with respect to the value priorities of primary stakeholders.

Universalism All aspects of CSR	Related to responsibility towards the region and the natural environment.	Assuming a responsible role in a broader sense and being a forerunner.	Reputation in this area spreads quickly in a good sense among stakeholders if linked to business actions.
Benevolence Discretionary and Social responsibility Economic responsibility Personnel policy	Related to actions towards society& stakeholders. Support to education, health, culture and science are important implications. This includes responsibility towards primary stakeholders and their needs.	Doing good for all the stakeholders and being a trusted and respected partner.	Creates acceptability and appreciation among various stakeholders, thus forming a basis for corporate existence and a reputation as a beneficial responsible actor.
Tradition and conformity Discretionary and Social responsibility	Related to the company's mission to point out corporate values and the preservation of traditions.	Global and historical tasks of doing business with integrity and consistency.	Reputation in this area is strong and consistent.
Security HR policy Economic responsibility Environmental responsibility	Related to preserving the position of institutions in the country and maintaining the achieved welfare. It is also related to the various dynamics inside the company.	Reciprocation of favours marks the relation between the company, stakeholders, employees in trading work inputs and to security concerning continuity of the work and efficiency.	Reputation in this context can create trust which is a key value related to CSR and reputation.

Power and achievement can be examined together because they are similar value priorities. The motivation for power and achievement in the frame of social responsibility refers the actions that favour the local country and citizens. The company also uses its power to benefit its own social and economic objectives: gaining visibility in media and market, attracting new shareholders and customers. The balance between power and responsibility is significant here because reputation in this respect is crucial: if power and achievement are the only priorities, the company may fail to gain a wider acceptance among different stakeholders. Being a global leader in the local area with a huge power may stress the consumers, rivals and NGO's. If power is a priority for gaining acceptance among stakeholders by creating value and benefiting them based on the business responsibility, this is likely to resonate positively. This time power will create reputation and continuity.

Self-direction in the corporate business is related to the brands and also company's own values, statements and goals. The global brands of the company have influential power. Its innovativeness and value sharing approach are both important factors for its reputation. Corporate responsibility is a strategic choice. Reputation in this respect can be very strong with respect to the value priorities of primary stakeholders.

Universalism and benevolence mean caring and taking other responsibilities beyond the financials. Companies want to have a long term positive relationship with society and the region, take care of the nature and seen as good corporate citizens. In the light of value theory, this could provide positive attitude towards the company while it is regarded as a good corporate citizen. All the actions in such priority areas either minor or major demonstrate an understanding of what it means to be a member of a community by various stakeholders. Reputation in this field spreads quickly in a good sense if linked to business actions. As a beneficial responsible actor, responsibility to various stakeholders' priorities creates acceptability and appreciation that leads to strong reputation.

Tradition and conformity refer to the company's mission, corporate values and historical duty. Reputation in this field is dependent on the public image and historical development of the company as well as the perceptions of different stakeholders. Reputation in this area is strong and consistent.

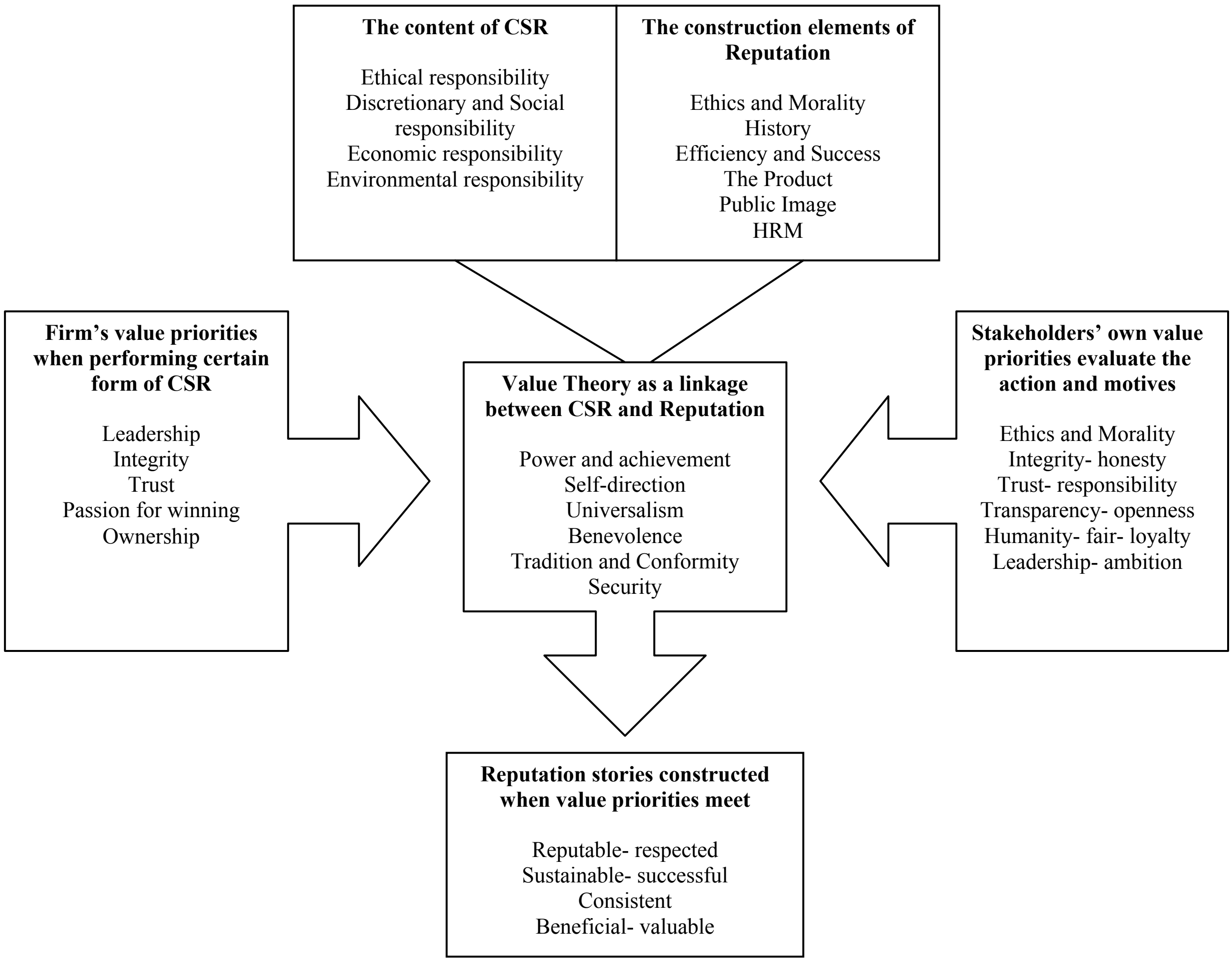
Security is related to preserving the position of institutions in the country and maintaining the achieved welfare. It is also related to the various dynamics inside the company like employee's work positions and its continuity, environmental security and financial security and continuity. Shareholders want to protect their assets and ownership while employees want to protect and improve their jobs and also workplace conditions (health& safety). A good reputation in this area creates trust among employees and shareholders and also retains the potential employees and shareholders.

These results are the projection of one stakeholder group. As noted above, Discretionary and Social responsibility is strongly related to several priorities. It is proposed, that responsibility strongly refers to the actual business strategy and policies within the company also playing an influential role in CSR matters as well as influencing to reputation.

4.5 CONCLUSION AND RECOMMENDATIONS FOR FURTHER RESEARCHES

In this research the relationship between CSR and reputation are examined from value theoretical viewpoint in FMCG context. Findings have been replaced in the research model (Siltaoja 2006) as shown in Figure 4.3.

Figure 4.3: Findings of the research: CSR, reputation and value in P&G



The content of CSR and the construction elements of reputation are derived from P&G's employee's interviews. The categories were similar to Carroll's (1979, 1999) 'dimensions of CSR' and Fombrun's (1998) 'components of reputation'. They are together linked by Schwartz's (1992, 1994, 1999) value theory.

This linkage is closely associated with employees' own value priorities and depends on the overlap between corporate actions and individual's own valuations as constructed entities. It is proposed that value priorities within the context of CSR and reputation have a function: they form the basis of CSR actions and are a criterion to evaluate the appropriateness of these actions for similarly affecting to the reputation of the company (Siltaoja 2006).

Employee's own value priorities derived from the data are; Ethics- morality, integrity- honesty, trust- responsibility, transparency- openness, humanity- fair- loyalty and leadership- ambition.

A significant finding in Siltaoja's (2006) study was the position of ethics and morality in CSR and reputation contexts. A similar result was also obtained from this study. Ethics and morality are not just viewed as a part of an action, but a solid foundation for all actions by the employees. Responsible actions in each area are closely associated with business strategy and ethic& morality is the foremost feature of responsible behaviour which forms the basis for all the actions in a global FMCG company that touches millions everyday. Therefore ethical responsibility is seen as the base that forms the bottom line together with other categories.

P&G's values are compared with the empirical findings of this research. The values of the company are placed in the figure which are; Leadership, integrity, trust, passion for winning and ownership (P&G Turkey Sustainability Report 2009).

It is seen that the values demonstrated by business are viewed favourably and shared by one of the primary stakeholders of business -employees- (MacMillan 2005). As corporate culture is very advanced and long established (175 years), the values of the company are associated with individual's own value priorities.

As a result, CSR is variously associated with corporate reputation. Consistent with the model, employees of P&G estimate their companies as reputable& respected, sustainable& successful, consistent and beneficial& valuable to all the stakeholders (inside and outside) and society which is also proved and certificated by many institutions.

Reputation is basically related to the values of individual evaluators. Different stakeholders appreciate different things and focus on different features. They have different priorities. This study reflects the projection of only one stakeholder group, -employees-. Because of this, HR policy is emphasized commonly and predominantly in the category tables by the respondents. It is inevitable that shareholders have different priorities and findings of the research would be different; possibly financial and legal responsibilities will be mostly emphasized. However communities have other priorities and the findings will probably be mostly about environmental and social responsibilities. A further study can be done among other stakeholders and contexts as well. Moreover to see the big picture; researches among the primary and secondary stakeholders can also be conducted simultaneously and integrated in order to compare and evaluate together. As Walker (2010) suggests "Corporate reputation represents what is actually known by both internal and external stakeholders ". In order to build an enduring and resilient reputation, a company must establish strong relationship with its key constituents. It must meet the expectations of its employees, shareholders, investors, communities it serves as well as the customers. Moreover it also has to consider the other influential specialized groups such as government agencies that monitor the compliance with standards, financial ratings agencies, corporate conscience agencies, consumer agencies and many more. All the constituents' priorities are different. Customers expect reliability, investors and suppliers demand credibility, employees expect trustworthiness, and communities expect responsibility (Fombrun 1996, p.70). Therefore each stakeholder will emphasize different value priorities, responsibilities and construction elements of reputation predominantly in a similar research.

A different result from Siltaoja's (2006) work was about the Ideological responsibilities of the company. In her research a media company was examined and ideological and legal responsibilities were emphasized strongly by the interviewees. On the contrary, in this research there was no Ideological responsibility of the company. Legal responsibility was mentioned by the interviewees but seen as an obligation without compromising. Instead, Discretionary and Social responsibility was emphasized by the employees of FMCG in this study.

As mentioned before, Discretionary and Social responsibility is strongly related to several priorities. It is proposed, that responsibility strongly refers to the actual business strategy and policies within the company also playing an influential role in CSR matters as well as influencing to reputation. It is seen that companies are expected to be responsible in all actions like human beings. This will likely bring either financial success or social compliance and legitimacy according to the data. If ethical and responsible behaviour is the DNA of the company and successfully involved in all the actions as a business strategy, then sustainable profitability will be reached inevitably. Reputation is seen as the prospected return and the evidence of delivering the claims and promises of the company to its stakeholders. Therefore companies have to act as citizens in order to gain advantage. The more they are responsible to their constituents, the longer they will survive as P&G. At least one of the stakeholders which is a primary one -employees-, think like that. They were all like minded about the significance and the genuineness of the 'corporate values' in their company. This result is also related with the organizational commitment of the employees in a responsible and reputable global company.

This study shows that corporate reputation is related to the values of individuals. It is seen that value priorities of individuals play an influential role in CSR actions, influencing to the essence of certain reputation stories in the corporate context.

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