ÇANKAYA UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
BUSINESS ADMINISTRATION

MASTER THESIS

THE EFFECT OF CORPORATE SOCIAL PERFORMANCE (CSP) ON CORPORATE FINANCIAL PERFORMANCE (CFP) OF TURKISH COMPANIES

Ayşenur HUZUROĞLU MUÇİ

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Tez Başlığı: The Effect of Corporate Social Performance (CSP) on Corporate Financial Performance (CFP) of Turkish Companies

Tezi Hazırlayan: Ayşenur HUZUROĞLU MUÇİ

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Bu belge ile, bu tezdeki bütün bilgilerin akademik kurallara ve etik davranış ilkelerine uygun olarak toplanıp sunulduğunu beyan ederim. Bu kural ve ilkelerin gereği olarak, tez çalışmamda bana ait olmayan tüm veri, düşünce ve sonuçları bilimsel etik kurallar gözeterek ifade ettiğimi ve kaynağını gösterdiğimi ayrıca beyan ederim.

Adı, Soyadı: Ayşenur HUZUROĞLU MUÇİ

İmza: Ayşenur

Tarih: 30/01/2014

ÖZET

Türk Şirketlerinin Kurumsal Sosyal Performanslarının (KSP) Kurumsal Finansal Performanslarına (KFP) Etkisi

HUZUROĞLU MUÇİ, Ayşenur

Yükseklisans Tezi

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Günümüzde, işletmeler sadece iktisadi odaklı olmaktan ziyade sosyal birer varlık olarak değerlendirilmektedirler. Herhangi bir işletmenin sosyal tepkisi veya sorumsuz yaklaşımı, bu işletmenin marka ve kurum imajı üzerinde her geçen dönem daha da etkili olmaktadır. Bu hususa dayanarak, literatürde araştırmacılar artan oranlarda sosyal performansı ölçmeye çalışmış ve sosyal performans endeksleri oluşturmaya odaklanmışlardır. Her ne kadar, sosyal sorumlulukların önemi sürekli olarak artıyorsa da günümüzde halen işletmelerin sosyal ve finansal performansı arasında ki ilişkiye dair bir görüş birliğine varılamamıştır. Sosyal sorumluluk konusunun bu kadar tartışmalı ve önemli bir hale gelmesini dikkate alarak, bu çalışmada Türk şirketlerinin sosyal sorumluluk performans boyutları ile finansal performansları arasındaki ilişkinin önemi olup olmadığı sorusuna cevap aranmaktadır. Sonuçlar, sosyal performans boyutlarından sadece çalışan hakları, insan hakları ve ürün ile ilgili KSS faaliyetlerinin Türk şirketlerinin finansal performansları üzerinde önemli bir etkiye sahip olduğunu göstermektedir. Sonuçların sınırlılığının, veri eksikliği ve henüz sosyal performans endeksinin geliştirilememiş olmasından kaynaklanacağı gibi sosyal sorumluluk ve sosyal performans konularının halen Türkiye'de gereken derecede topluma iletilmediğinden ve gereken özenin gösterilmediğinden kaynaklanabileceği düşünülmektedir.

Anahtar Kelimeler: Kurumsal Sosyal Sorumluluk, Kurumsal Sosyal Performans, Finansal Performans, Kurumsal Sosyal Performans Boyutları

ABSTRACT

The Effect of Corporate Social Performance (CSP) on Corporate Financial Performance (CFP) of Turkish Companies

HUZUROĞLU MUÇİ, Ayşenur

Master Thesis

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Today's corporations are more regarded as social entities much more than only a single economically-oriented entity. The social responsiveness or irresponsible attitude of any corporation has been more and more influential on the brand and corporate image of the corporation every passing decade. In this sense, social performance has been started being measured by the researchers through generalization of measurement indices. Although the importance of social responsibilities is increasing continuously, there is still no agreement on the relation between social and financial performance of corporations. In this sense, this study has attempted to answer the question of if there is a recent and significant association between the dimensions of social performance and financial performance of Turkish corporations. The results have indicated that only employee rights, human rights and product related CSR activities of the companies have significant effect on the financial performance of the Turkish corporations. The limitation of this study could be due to the lack of a general and commonly accepted social performance index in the literature or due to the fact that Turkish corporations have much to do about the social image of themselves and also communicating their social responsiveness to the public.

Keywords: Corporate Social Responsibility, Corporate Social Performance, Financial Performance, Corporate Social Performance Dimensions

DEDICATION

*To my beloved daughter, **Zehra Mira**.....*

I hope she can live in a world where companies are acting much more socially responsible.

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ABBREVIATIONS

CED	: Committee for Economic Development
CEO	: Chief Executive Officer
CSR	: Corporate Social Responsibility
CSP	: Corporate Social Performance
CFP	: Corporate Financial Performance
DEA	: Data Envelopment Analysis
EC	: European Commission
EU	: European Union
HR	: Human Resources
ILO	: International Labour Organization
ICI	: Istanbul Chamber of Industry
ISO	: International Organization for Standardization
IT	: Information Technologies
KLD	: Kinder, Lydenberg and Domini & Co.
NGOs	: Non-governmental Organizations
OECD	: Organization for Economic Co-operation and Development
PR	: Public Relations
ROA	: Return on Assets
ROE	: Return on Equity
SMEs	: Small and Medium Sized Enterprises
TRI	: Toxics Release Inventory
UK	: United Kingdom

UN	: United Nations
UNCTAD	: United Nations Conference on Trade and Development
US	: United States

INTRODUCTION

In the past, corporations were mainly responsible and liable to their shareholders and the management of the corporation had tried to increase the financial return for the shareholders. In this sense, the corporations were regarded as financially oriented entities in the past. And once the financial returns had been regarded as the ultimate goal of the management, the corporations kept the profitability above everything else. In this sense, the corporations were blamed to be socially and environmentally irresponsible. In order to generate financial gains, they exploited the natural resources and did not care about the pollution waste in the environment. From the social perspectives, the consumer rights and employee rights were not taken into consideration at all.

However, today the situation is reversed. The corporations are still responsible to their shareholders but they are also responsible to their stakeholders as well. More importantly, the public is ready to punish the corporations that do behave in a socially and environmentally irresponsible attitude. This radical change in the management of the corporations is basically owing to the institutionalization of the economy, markets and also easy-access and cheapness of the information. Once the community has been easily aware of the social consequences of any corporation’s actions, then the community has taken active action against those corporations. For instance, Greenpeace has publicized the environmental disasters caused by the big corporations and through taking social actions, they have forced the large corporations to change their production and manufacturing processes in a way that they would not create any more waste for the environment.

Although all those changes in business environment have resulted in improvements on the social and environmental outcomes of actions of corporations, these social changes and projects also created higher costs and less profitability. In this sense, the management of both financial and social performance has become much more difficult today than it was in the past.

More importantly, the management is also expected to leverage the social performance of the corporation in order to increase the financial performance of the company through increasing the market share, customer and employee satisfaction as well. And the importance of social responsibilities of corporations and also performance relations has increased the attention given to the concepts of corporate social responsibility and corporate social performance.

In this regard, this study has focused on the analysis of corporate social responsibilities and performance of corporations based on the results and implementations of the theoretical studies and empirical research carried out by previous literature. In order to figure out how the social performance is evaluated on the financial performance of Turkish corporations of today, an empirical analysis is carried out in the final part of the study. Based on this, this study has basically aimed to answer the research question whether the social performance has influence on the financial performance of Turkish corporations. In this sense, this study has been consisted of the following parts:

- In the first part, development of the concept of Corporate Social Responsibility (CSR) is analyzed and the content of CSR is summarized;
- In the second part of the study, the on-going debate about the social responsibilities and its effect on financial performance is comprehensively and critically described and analyzed;
- In the third part of the study, the corporate social performance (CSP) definition and measurement methods are investigated in detail;
- In the final part of the study, the social performance dimensions and their effects on the financial performance of Turkish corporations for the period of 2011-2012 are analyzed empirically through the application of regression econometric analysis.

CHAPTER I

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1.1. The Concept of Corporate Social Responsibility

Today, a larger portion of the world, for the first time in history, is governed based on principles of democracy and free market and economy (López-Córdova and Meissner, 2005). Besides this, the improvements in economics, technology and politics have all increased the connections among the people and also between the corporations and society. As a result, today people are more aware of what is going on in the world, economies and in industries (Becker-Olsen et al., 2006). More importantly, today's world is more conscious and worried about the activities and operations of businesses (Russell and Russell, 2010). The free and easy access to any information also supports this fact such that any news about any business could be read immediately owing to the Internet and IT technologies (Homayoun et al., 2012). In the past, people were only worried about their own well-being but today people also have concerns about the other people living in distant regions of the world (Aboderin, 2012). In all these regards, the society expects the businesses to be more responsible and to take the initiatives in order to make the world a better place through increasing the well-being of overall world.

Basically, the United Nations (UN), the European Union (EU), the Organization for Economic Co-operation and Development (OECD), the World Bank and many other international organizations do emphasize the importance of CSR (Valor, 2005). Since, the growth cannot be sustained easily in the recent conditions of the world (Van Marrewijk, 2003).

First of all, the natural resources are declining and diminishing but the world population is increasing every passing year. Basically the international organizations such as the UN, the EU, the OECD, the World Bank and many others care about CSR much more than anyone.

Today the main pre-condition of the sustainable growth is based on the considerations about society and environment (Hopwood et al., 2005). The world population and also average lifetime have all increased owing to the improvements in nutrition and medical care. However, the natural resources of the world have started to decline as well (Victor, 1991). The resources needed for growth are not limitless and easy to find as they were in the past. Therefore, any business is becoming more and more responsible about the society and environment in every passing day. In this regard, the international organizations mainly define four main areas of responsibility for any business (Maignan and Ferrell, 2003):

- ***Economic responsibilities*** – every business is obliged to be profitable in order to survive in the long run and also generate the highest output from the resources;
- ***Legal responsibilities*** – every business should respect to the legal system and regulations of the market they operate in;
- ***Ethical responsibilities*** – every business should behave in compliance with the ethical rules of the societies and satisfy the ethical requirements of the world as well. In addition, this responsibility is much beyond the legal responsibilities and business is not obliged to this;
- ***Social responsibilities*** – the business is expected to participate in the solution development process for the problems of the society.

In this framework, CSR concept covers all those responsibilities defined above but CSR is more directly related to the ethical and social responsibilities of any business. It is assumed that CSR applications do not only support the society and environment but also other economic and legal responsibilities of the society. Since, CSR also improves the image of the business in the market positively. The employees of the company, the consumers are all influenced by the positive attitude of the business toward the society (Sen et al., 2006).

The employees could work in a more motivating business environment where they know they serve for more important than the pure economic goals. Owing to the Internet and improvements in social media tools, the companies could also announce their CSR projects to the society through Public Relations (PR) and then this socially responsible image of business helps them to increase the demand (Sriramesh et al., 2007).

Eventually, even the economic responsibilities of the company could be supported through CSR activities in the long run. Within this approach, the corporate social responsibility basically means the voluntary contributions of any business for the creation of a better society and environment.

The concept of CSR has been first used in 1953 in the book of Bowen (1953), 'Social Responsibilities of Businessman'. Bowen basically defined the CSR as the collection of any businesses' all activities that are directly related to the social responsibility. Today, however CSR has been defined differently by many international organizations. With respect to the European Commission (EC), CSR is a concept that the businesses could combine their daily basic social and environmental issues and the organizational activities and profit based activities (European Commission, 2001). Being socially responsible is not only defined by satisfying the legal and official expectations set by authorities and the government but also related to going beyond the compulsory work (Lindgreen and Swaen, 2010). In other words, CSR is basically about how much the corporation is willing and volunteer to deal with the social and environmental issues out of the organizational interests as well. In this regard, the businesses invest in human capital, intellectual capital and also deal with assistance to the other stakeholders such as consumers, society and environment (Commission of the European Communities, 2001).

In another definition, CSR is regarded within the framework of how much a business is interested in the needs and demands of society and public as well (UNCTAD, 1999). With respect to the United Nations Conference on Trade and Development (UNCTAD), all social groups wait for the completion of specific roles and functions in order to change the environment that they operate. In this regard, any business that is still dealing with the survival in the business environment cannot focus on the higher order of needs and assignments such as CSR. Therefore, still today CSR is regarded as a basic duty of especially big and/or multinational corporations rather than small and medium sized enterprises (Kolk et al., 1999; Cowen et al., 1987). More importantly, as a business increases its activity region through globalization and corporate size, then the expectations about this business start to change radically.

For instance, the society and all other stakeholders expect much more from this business as the business becomes larger in size. In this respect, the social responsibility standards and applications of multinational businesses has started to be debated in the international area much more than it was discussed in the past (Doh and Guay, 2006). Another international organization, International Organization for Standardization (ISO) defines the CSR as forwarding the mission, vision and goals of any business based on the interests of society and environment (2004). In other words, today much more is expected from any business.

Based on the definitions of academicians, Mohr et al. (2001) have defined CSR as the commitment of any business such that the business diminishes and totally eliminates all negative effects of their activities on society and moreover, the business increases the benefits they have provided for the society at the highest levels. In this definition, the importance of the interests of the overall society has been emphasized such that the business is required to consider the society first and then the actual organization. In another study, Carroll (1999) has defined CSR by focusing on the voluntary nature of CSR and the potential contributions of any business on the society and environment.

1.2. CSR Management

In the recent periods, the big and/or multinational corporations have started to publicly announce their CSR activities and this approach has been a part of the CSR management and politics of those corporations (Carroll, 1991). Today, the corporations listed in Global Fortune rankings have started to announce to public the results of their CSR activities in addition to their financial reports (Snider et al., 2003). Moreover, those corporations have made their CSR activity reports controlled by the independent authorities and agencies (van der Wiele et al., 2001). In this regard, the corporations that take CSR into consideration seriously make commitments in three basic subjects in general (McWilliams and Siegel, 2001):

- The respect to the ethical principles of different societies in the world, respect to the legal regulations and compliance to the human rights;
- The consideration of the interest of shareholders and also of stakeholders and the importance of developing the organizational goals based on this fact;
- The acceptance of the CSR principles initially by the top management of the corporation.

The corporations that take CSR concept seriously into consideration also manage their CSR activities seriously as well. Therefore, the CSR activities also require the detailed and quality based management (van der Wiele et al., 2001). In this regard, it is not also possible to implement CSR programs successfully without a proper management attitude. Therein, CSR should be defined within the framework of the management principles (Lockett et al., 2006). More importantly, although CSR is not a new concept in the corporate literature, the applications of CSR in practice are not so common up to now and the management attitude and principles of CSR have started to be developed since 1990s (Carroll, 1991). It is asserted that the socially responsible corporations of today should also lead the rest of the economy toward a more socially responsible attitude.

Furthermore, CSR management is assumed to be carried out by being more result-oriented. Therefore, the corporation could leverage the outcomes of a successful CSR management in order to generate positive economic outcomes as well such as higher probability of survival of company and higher profitability in the long run (McGuire et al., 1988).

In brief, CSR, within the management concept, is defined as the social activities carried out by any corporation and also communicated within and outside of the organization as well. In this respect, the management of the corporation is expected to declare the CSR activities of the corporation in the annual corporation meetings, general committee, shareholder meetings and also in annual reports as well (Hetherington, 1969). In this respect, the CSR management also involves and generates relations with the NGOs (non-governmental organizations), environmental activities and other social organizations (Doh and Guay, 2006).

All of these developments in the business world require any corporation to organize CSR activities properly by satisfying the demands of society but also the goals of the organization. In other words, the successful management of CSR activities must be organized in a way that all shareholders and stakeholders could benefit at the same time.

From the viewpoint of any corporation, the main aim of existence is to generate profit and satisfy the financial needs of their shareholders. Therefore, CSR management should also be developed in a way that those CSR activities should not conflict with the interest of the overall corporation and interests of the shareholders (Friedman, 1970; Bennett, 2002). Since, CSR activities are costly and expensive activities in most cases; the increase in the overall expenses eventually influences the profitability of the corporation negatively. Therefore, the shareholders and top management also expect much more than from CSR management.

Another concern is about the nature of the business. The content of CSR activities of any business also depends on the nature of business itself and the industrial requirements (Udayasankar, 2008; Cowen et al., 1987). The expectations of society from any corporation may vary based on the relation between corporation, society and environment as well. For manufacturing industries, the environmental issues such as the fall in the CO_2 emission and pollution created by corporation might matter more. On the other hand, the social concerns such as health care of the poor might matter more for pharmaceutical industries.

In brief, the increase in the concerns of the society about CSR activities of corporations has directed the corporations toward the proper development of CSR management regardless of the size of the corporation. In this regard, the proper cost and benefit analysis does not only help the corporation to develop better CSR activities in order to assist the society but also to guarantee the long term profitability and survival of the corporation as well.

1.3. The Historical Development of CSR

Although the concept of social responsibility has a long and comprehensive development history, it is especially stated that CSR has evolved especially during the last decades of 20th century (Carroll, 2008). Within the early historical development process, CSR development has been analyzed within 4 sub-periods (Murphy, 1978):

- *CSR before 1950s* – the period when the big and profitable corporations have supported the aid organizations by providing financial assistance;
- *CSR for the period of 1963-1967* – this period also called period of awareness. During that period, the businesses generally have started to accept their social responsibilities;
- *CSR during the period of 1968-1973* – it is regarded as the problem period when the corporations have focused on the issues of urban breakdown, racism and environmental pollution;

- *CSR during the period of 1974-1978* – this period is regarded as the response period of corporations. At that time, the corporations have initiated important administrative and organizational activities regarding social responsibility concept. In this regard, the corporations have changes in the top management, implemented ethical principles into the operational processes and developed discourses based on social issues.

According to the study of one of the management researchers, Wren (2005), it is demonstrated that there had been critics and arguments regarding the employment of women and children in the factories in the UK and the US as well before 1950s. From the viewpoint of reformists of both economies of the UK and the US, the factory based mass production system had been responsible for the labour force disputes, poverty, slum areas and the employment of women and children. Wren (2005) has defined CSR activities of this period before 1950s as a mixture of early industrial enhancement, humanity and philanthropy and business intelligence. In the same period, the corporations had been also afraid of the upheavals that the employees could initiate (McQuaid and Lindsay, 2005).

Also, the businesses were basically small and medium sized enterprises under the control of the sole owner and founder of organization. As a result, the beliefs and religious views of owners had influenced the CSR activities as well such that they had made financial contributions to the church (Marinetto, 1999). Wren, in his work, has regarded National Cash Register Company as the main engine of CSR approach before 1950s. In this content, the CSR applications had focused on improvements of employment issues and precautions for the performance blocks. The CSR applications of period before 1950s had both commercial and social dimensions. Before 1950s, the hospital clinics, spa, facilities for the lunch, profit sharing, refreshment areas and other applications could be regarded as basic CSR activities of companies (Wren, 2005).

Indeed, the main social concerns regarding the labour force had first emerged in the late 19th century. However, Carroll (2008) have concluded that the benevolent period of that time carried out by Vanderbilt and Rockefeller families has also a commercial side more apparent than the social side. Since, in that period, the public had even named those rich families as “robber barons”.

In another work, Heald (1970) has a more positive attitude toward the CSR activities of that period. He has stated that CSR attitude before 1950s had implied the social responsibility but could not be regarded as fully socially responsible. For instance, in the development period of mass production, the factory owners had brought the facilities such as water, electricity and heating to the environment where the factories were located. Although, the main concern of business owners were fully commercial, indeed they brought industrial development to the areas located closer to factories. The owners had also aimed to attract the local people to work for them in the factories through the urban development projects (Heald, 1970).

From the 1st World War to the Great Depression, the community chest movement had been emerged as one of the first national CSR projects of the world such that the corporations and social service system and employees worked together hand-in-hand (Seeley, 1989). Especially during the 1st World War, the world population had declined substantially.

Also, the industry of that time had been mainly based on the human capital rather than physical capital (Tamura, 2002). Therefore, the loss of the human population in large amounts and also the malnutrition of the world had affected the productivity of the corporations negatively. In this regard, the corporations had been more supportive and benevolent toward their work force.

On the other hand, Eberstadt (1973) have asserted that the social responsibility activities of corporations and increasing power of the companies had all left the government and society left behind of the industrial development. According to work of Eberstadt (1973), corporate irresponsibility had all resulted in the collapse of economies during Great Depression. The period up to the year of 1920s has been regarded as the management of profit increasing (Hay and Gray, 1974). In the following period, the Agency Period had started such that the management had acted as the agency of the shareholders in order to prevent the disputes between the shareholders and society (Sannikov, 2008). In this regard, the separation of management from the shareholder board had been initiated in order to show that the management was the agent of both shareholders and also other stakeholders. And eventually, starting from 1930s, the corporations had started to be regarded as socially responsible entities similar to the governments and state authorities (Eberstadt, 1973). Until 1950s, the corporations were also represented as the symbol of anti-communism and development within the society.

However, from 1950s to 1960s, the corporations had just made more declarations about the importance of CSR rather than implementing CSR activities in practice (Carroll, 2008). In that period, the CSR activities were just limited to the philanthropy. However, the book of Bowen (1953), as specified before had been the turning point for the subject of CSRs. Even Bowen had been regarded as the founding father of CSR concept. The implications of Bowen's work had gone far beyond the social responsibility applications of that time. His work suggested the need for the change of the management council, change of the attitude of shareholders about the society, the need for the supervision of social responsibility, the training of the employees and management teams about the concept of CSRs.

In short, he suggested that the socially responsible attitude requires a better management and also changes in the organizational culture and structure as well. More interestingly, Bowen had regarded the Protestant ethics and morals as the main element of social responsibility attitude.

In 1960s, the academicians and also international organizations had tried to define CSR and limit its content as well (Carroll, 2008). Philanthropy had been the basic and most common example of CSR behaviours of the corporations in 1960s. In another work, Muirhead (1999) had defined the period between 1950s-1980s as the development and growth periods of CSR applications. At the end of 1960s, CSRs had been based on the philanthropy, development of human capital, industrial relations, personnel politics, customer relations and shareholder relations (Heald, 1970). However, McGuire (1963) has also declared that this period of 1960s-1970s had been the period of discourse about CSR rather than practical applications as well. Also, there had been disagreements about the content of CSR activities. For instance, McGuire (1963) had supported the approach that the responsibilities of any corporations should be far beyond the economic and legal obligations.

However, Carr (1968) had asserted that the sole purpose of any corporation is to continue the production in a profitable and efficient way. And based on this fact, the corporations could initiate any strategy and project that could lead the organization to the completion of the main economic purposes. In one of the recent works, Lantos (2001) has defined this approach of Carr as the "sole profit maximization attitude". In a similar work of that period, Friedman (1962) had also supported the attitude of Carr by stating that the comprehensive social responsibilities of corporations could generate devastating results on the development of capital system. In other words, Friedman (1962) also supported the fact that shareholders are the main responsibility of the management. Therefore, the corporate social responsibility literature had supported the idea of that the social responsibility is the burden of the shareholders but not the corporation. In other words, it was supported that the degree of CSR activities should be decided by the shareholders.

Starting from 1970s, CSR activities had been accelerated. There had been critics regarding the definition of CSR. According to Heald (1970), the CSR must be defined within the organization. This implies that CSR definition and content changes are based on the specific characteristics of economy, market, industry and also corporation. Besides, CSR definition specific to any corporation could be communicated to the society and stakeholders through the aid programs for the society, policies of corporation and the discourses of the management of corporation. In this respect, Carroll (2008) has also asserted that the businessmen of 1970s had focused their CSR activities on philanthropy generating social relations with the public. Furthermore, Johnson (1971) had claimed that the common sense requires the management of any corporation to balance the interests of different stakeholders in order to prevent conflicts of interests. Therefore, for the first time, it has been suggested that the interests of different stakeholders such as consumers, employees, society, environment and also shareholders should be considered at the same time. In this regard, the CSR concept has also started to include the employees, consumers into the consideration beside the philanthropy and aid programs.

In 1970s, another contribution to the concept of CSR had come from the Committee for Economic Development (CED). Owing to those developments, starting from 1970s, the social contract between corporation and society has been more comprehensive by including a larger portion of society. Based on this approach, the corporations have started to be expected to bear much more responsibilities and to respect to the humanitarian concepts and values. In this content, for the first time, it is asserted that the future of corporations depend on the satisfaction of the needs and demands of society. And the historical analysis reveals that the needs of society have changed from period to period. As a result, CED has adopted the corporate social responsibility attitude in the beginning of 1970s (Carroll, 1979).

Starting from 1980s, the studies about CSR and its content have started to increase. The complementary subjects such as social responsiveness, corporate social performance, social policy, work ethics and shareholder/management theories have all started to be analyzed in 1980s as well (Carroll, 2008).

In this regard, CSR is not regarded as a separate concept anymore but connected to the other administrative issues as well. In this respect, Jones (1980) has asserted that the corporations have responsibilities more than the responsibilities only limited to the written rules, laws and shareholders. Here, the main approach has been that the corporations should deal with CSR activities on their own and voluntarily without any forced obligations.

In another work, Tuzzolino and Armandi (1981) have based the needs of any corporations on the theory of Maslow which states that there is a hierarchy in the needs of humans. In this concept, the organizations are regarded as having needs ranging from psychological, security to esteem and self-actualization. The researchers have provided this hierarchy of needs to develop a theoretical framework for the evaluation of the CSR performance of corporations. Within this concept, Carroll (2008) has generated the hierarchy of CSRs of any corporation based on this order: economic needs, legal needs, ethical needs and social needs (Figure-1).

Figure 1: Carroll’s CSR Pyramid

Starting from 1990s, the CSRs of any corporation have been turned out as the reference point for the complementary administrative concepts and attitudes as specified above. In 1990s, corporate social performance, shareholder theories, work ethics, sustainability and corporate citizenship concepts have been more developed around the concept of CSRs.

Moreover, the relations between corporate social performance of CSR activities and the financial performance have been highly investigated (Griffin and Mahon, 1997; Swanson, 1995). Besides, corporate citizenship has emerged as a concept that has started to be used instead of corporate social responsibility. With respect to the analyses of new concepts, the sustainability term has been used for the first time in 1990s (Glavic and Lukman, 2007). Initially, the sustainability is used in economics in order to define the allocation of scarce resources more efficiently. However, the sustainability concept has been more developed in order to cover the shareholders and a larger social environment.

To sum up, the CSR concept has evolved through time based on the conditions and the requirements of the specific time period. Initially, the supply was less than demand at the beginning of the Industrial Revolution. Moreover, the local economies were dominated by small and medium sized enterprises. Local markets had just started to develop. Therefore, the economic concerns of the businesses had been more important than the social concerns. As the businesses started to grow, then the mass manufacturing required more and more human capital. In this regard, the corporations had started to invest in their work force by providing proper living conditions and required nutrition for their workers. However, the CSR activities of corporations stayed limited. Starting from 1950s, the corporate scandals such as Enron in 2000s and others have started to take the attention of the society. Moreover, the globalization, openness to the international trade and easier access to the production technologies all have increased the competition for any corporation. The world economy has been turned into a demand-driven economy rather than supply-driven economy of the past.

Furthermore, the improvements in IT and the emergence of the Internet have made the information free and easy-access for anyone (Satyanarayanan, 1996). The consumers have been able to have access to the information about any corporation. Also, today's consumer group has been more socially aware of the world and business environment. Henceforth, the corporations of 20th century have been required to be more socially responsible in order to keep the customers satisfied and committed to the corporation.

The brand awareness has especially contributed into the CSR concept because the consumers have been more attentive to the brand image of any corporation (Nedungadi and Hutchinson, 1985). And today, socially responsible brand image is one of the factors that could support the long term survival in the global market. In short, in order to deal with fierce competition in the local and also global markets, the corporations are obliged to more care about their CSR activities than the economic concerns. However, today the job of any corporation is more difficult because the CSR activities should be managed carefully in a way that both CSRs and economic concerns should support each other (Williams, 2001).

After all these developments in 20th century, 21st century has started to experience much more empirical works about the CSR and its effect on the Corporate Social Performance and Financial Performance concepts. In one of the recent works, Husted (2000) has developed the contingency theory about the CSR concept. Based on this theory, it is stated that content of the CSR activities basically depends on the situation of the corporation for the specific business environment and specific time period. In other words, the required CSRs of any corporation do change with respect to the relevant situation. The management of CSR and the developed strategies should be specific to the relevant situation. This theory also explains why CSRs are more important today than it was before. Since, today the economic resources are less and there is problem of shortage of demand, so the corporation should compete much more for the limited demand. Also, the easy access to production technologies makes the entrance into the market much easier. Therein, this has made the competition even more difficult to handle.

As a consequence, the corporations should create competitive advantage by creating a socially aware image of the corporation. It is expected that in the future, CSR concept becomes easier to evaluate and assess. More importantly, the main elements of CSRs could become fully identified in the future (Rowley and Berman, 2000).

1.4. The Importance of the CSR

The recent ethical crises that many big and multinational corporations have experienced have showed that the corporations sometimes do not behave in accordance with the ethics and the rules of the society. The scandals regarding the corporations of Enron, WorldCom, Parmalat (Coffee, 2005) and the Internet companies of 1990s (Morrissey, 2004) have forced the authorities, international organizations and corporations behave in a more socially responsible way. As a consequence of ethical concerns in the business world, the customers have lost their trust to the corporations.

Recently, HSBC has been accused of helping the Mexican drug lords and terrorists through money laundering operations (Rushe, 2012). Although, the bank management has focused on the short term gains of those illegal and unethical behaviours, the long run effect of this has been negative. The bank has been punished with billions of dollars of fine and more importantly, the customers of the bank have lost their confidence to the bank. This example reveals that HSBC bank could not govern their social responsibilities properly.

All those previous scandals and recent ethical issues imply that the corporations cannot hide any of their activities since the information is public, open to everyone. Therefore, the unethical behaviours cannot be passed over smoothly anymore (O’Brien, 2005). In the past, the scandals and incidents had not been open to the public. But today the situation is different. Owing to IT and the Internet technologies, the every operation of any corporation is transparent.

Therefore, any corporation is obliged to carry out successful management of CSRs in order to improve the corporate image and also retain the customers and turn them into loyal customers. In other words, the CSRs and CSR management have been one of the important tools for creating competitive advantage of any corporation.

Moreover, the international corporations such as the UN, ILO and others have been more engaged in the protection of employment and human rights as the world become more and more global (Standing, 1997). Today, any corporation operates in many different local markets. Therefore, it is more difficult to control the activities of the corporation. Eventually, this has required the authorities to develop international organizations and associations in order to generate a better control mechanism of the corporate behaviour. For instance, after the global financial crisis of 2007, the economies of the world have gathered in Basel in order to develop a better international regulation system for the banking system (Stiglitz, 2009). In addition, they have developed Basel III regulatory system in order to direct the banks to more socially responsible behaviours and keep them away from risky and unethical issues.

Beside the international organizations, the non-governmental organizations (NGOs) have been more influential in the global arena. For instance, the environmental organizations have made the public aware of the unethical behaviours of the corporations and how they could pollute the natural environment (Garcia, 2011). Also, labour organizations have forced the corporations to be more protective about the employment rights and more concerned about the provision of proper working conditions.

In this regard, the CSR today is much more important for any corporation because the public is more socially concerned about what is going on in the world. The politics, developments in information technologies have also provided the necessary tools for the public about how to check and supervise the operations of corporations. Therefore, the corporation cannot deal with any unethical and socially irresponsible operations and/or activities in order to generate higher economic returns.

Otherwise, the company is subject to disappearance in and exit from the market. Since, the public of today is so strong that none of the corporations can survive any corporate scandal or crisis easily. In other words, the competitiveness of any corporation, the long term profitability and survival are all dependent on the activities of the corporation and the CSR management.

In sum, today the economic concerns cannot guarantee the success of a corporation but the CSR attitude of the corporation and the compatibility of the economic concerns and CSR activities could assist the corporation to deal with the fierce competition of the global world. In other words, CSR of today is much more significant for the long term profitability, market share and customer satisfaction of any corporation. Otherwise, the short term gains of unethical economic concerns cannot help any corporation to deal with the fierce conditions of the global marketplace. As it is also specified above, the conditional aspect of CSR is substantially important such that today's conditions require a proper management of CSR activities of any corporation.

1.4.1. The Reasons behind CSR Behaviour

The corporations of today have relations with different parties of the society. Therefore, the success of the corporation also depends on the successful management of this relation. In this respect the stakeholders that represent all the parties of the society related to the corporation have been highly investigated in the literature since 20^{th} century (Baron, 2000). The stakeholders more importantly represent the groups and group of people that have interest in the corporation directly and indirectly. Through time since the Industrial Revolution, the number of groups of society that the corporations are related has increased (Alpaslan et al., 2009).

Based on this view, as the relations with the interest groups outside of the organization get stronger, the actualization of common interests of corporation and the interest groups becomes easier (Freeman and Hasnaoui, 2011). Otherwise, the common goals cannot be realized as long as the relations with stakeholders are not carried out carefully. Based on the stakeholder theory, CSRs of any corporation could help the organization to balance their relations with different interest groups within and outside of the organization.

In this regard, the strong relations created with the stakeholders could help the corporation to realize the economic concerns as well (Russo and Perrini, 2010). As it is also specified above, the CSRs of any corporation had been first implemented for the relation between employment groups and the corporation. Through time, the society, consumers and environment have all been included among the considerations about CSRs of corporations (Lindgreen and Swaen, 2010). As more and more interest groups have required stronger relations the duty of corporation has been more complex and comprehensive. Therefore, corporations have been forced to behave in a more socially responsible way. Eventually, the CSRs have been one of the main aims of today’s businesses. In brief, the social responsible behaviour of any business is mainly resulted from the external pressures originated within the society.

Therein, the corporations have been obliged to know those interest groups of society more carefully and in a detailed way. Within the organization, the employees, the management team, the shareholders represent the main interest groups (Freeman et al., 2010). The shareholders have been the main interest group of companies since Industrial Revolution. Also, any business should consider the well-being of their employees not only because the government authorities and legal rules and regulations oblige them to behave in a socially responsible way, but also socially responsible behaviour improves the motivation of employees (Bhattacharya et al., 2012). Accordingly, the productivity of the corporations increase.

However, even many multinational companies do not still consider the well-being of their labour force. In order to escape from the heavy regulations in the labour markets of developed countries, they have moved their production facilities to emerging markets (Colovic and Mayrhofer, 2011). There, some of them have preferred to use the cheap child labour (Ebeke, 2012). In this regard, most of them are also condemned in the international arena because of their irresponsible behaviour. The global campaigns against this type of socially irresponsible attitude have once more forced the corporations to be more careful about their operations.

Outside of the organization, the customers, competitors, suppliers, distributors, the public and environment represent the basic stakeholders (Jones, 2010). The customer rights have been heavily protected through the laws. However, even without the legal regulations, the corporation should be more careful about their relations with their customers because competition is stronger than ever before. Henceforth, the customer satisfaction and then customer loyalty and commitment have been the basic factors that could guarantee the long term penetration of company in the market.

Whether the interest group is within the organization or outside of the organization; the corporation should behave responsibly regarding their relation with every interest group. Through time, the authorities have forced the corporations to be more careful about their behaviours. However, the corporations' well-being and survival in the market also depend on the strength of those relations regardless of the level of external pressures (Vlachos and Tsamakos, 2011).

In brief, although the CSR management of any business could improve the image of the company and also support the relations with all stakeholders; the external pressures from authorities and also legal system are the main driving forces and reasons of the socially responsible behaviours in the marketplace. However, the market conditions that get more and more difficult each day and the survival of any corporation become more related to the socially responsible outlook of the corporation.

CHAPTER II

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON CORPORATE FINANCIAL PERFORMANCE (CFP)

2.1. The Relation between CSR and CFP

Starting from 1990s, the social groups such as customers, employees, retailers, wholesalers, suppliers, and governments at both local and governmental levels and even the shareholders ask for the management of the companies to take higher responsibility for the social and environmental issues (Hillman and Keim, 2001). At this point, the companies have two options to respond to this changing trend in the global marketplace: to take action and implement CSR projects and increase corporate social performance (CSP) or to resist to the change by emphasizing the importance of financial outcomes over the corporate social outcome (Wong et al., 2011). As a result, the researchers in the business and finance literature have started focusing on the effects of CSR projects on the corporate performance in order to figure out if the trade-off between the CSP and the financial performance actually hold or indeed the CSP improves the financial performance of any company.

The first attitude toward the relation between CSR and financial performance is based on the assumption that if any company that wants to behave in a socially responsible way; this company has to bear some costs associated to the CSR projects (Luo and Bhattacharya, 2009; Mahon and Wartick, 2012). The increase in costs also implies the decrease in the profitability of the company unless the CSR projects also increase the profitability of the company. Moreover, the increase in the costs of socially responsible firms also generate the loss of competitive advantage over the competitors that do not involve in the CSR projects and do not have to bear any costs associated to those projects (Aupperle et al., 1985; Ullmann, 1985; Vance, 1975).

On the other hand, some other researchers (Moskowitz, 1972; Parket and Eibert, 1975) have asserted that the costs associated to the CSR concept is not as high as it is assumed and even the CSR projects could increase the financial performance of the company at the same level by not creating additional costs as well.

In addition to those contradicting attitudes toward CSR and financial performance relation, there is also a third view such that CSR projects are costly projects and those costs cannot be ignored but the increase in CSR costs might decrease the other costs of the firms. Therefore, the effect of CSR on the financial performance was found to be positive or insignificant in different studies.

For example, in the case of stakeholder theory, it is suggested that the management of the firm is obliged to satisfy the expectations of shareholders and also stakeholders of the firm (Jensen, 2001). Therefore, the financial performance of the firm depends on many factors such as the productivity of the workforce and the motivation of the workforce indirectly. By promoting social projects regarding the employment of the company, the management has to bear the costs of those projects but those projects also improve the productivity and increase the motivation of the workforce. In return, this also improves the financial performance of the company as well. More importantly, those CSR projects also decrease the other costs such as the costs associated with the turnover of the workforce of the company.

Regardless of the effects of CSR on the financial performance, there has always been an on-going debate about the factors and conditions that affect the profitability of any company. Therefore, the effects of CSR on the financial performance are not developed based on a well-agreed theory. To begin with, Bragdon and Marlin (1972) and Vance (1975) have been one of the first researchers that have focused on the cost side of the CSR projects. They have compared theoretically responsible and irresponsible companies based on their expenditures. It is assumed that CSR projects and activities generally cover the charities, community plans, and environmental protection activities.

Eventually all those projects require outflow of huge amount of funds. More importantly, the environmental protection projects are assumed to increase costs more because the company has to revise and re-design their production process and value chain in a way that all of the operations that pollute the environment should be eliminated and developed once more (Baron, 2009; Caroll and Shabana, 2010).

It is also assumed that those projects require higher amount of investment at managerial level as well, but these CSR projects cannot generate profitability because these projects are not evaluated in increasing productivity or improving the production process. Indeed, all those CSR activities are regarded as cost-incurring unprofitable processes. On the other hand, it is hypothesized that the companies that are not involved in the CSR projects does not have to incur any costs of those projects therefore, they generate higher levels of profits once all other factors are assumed to be the same for all companies.

What is more, it is assumed that the CSR concept could limit the possible alternative growth projects of companies such that the company cannot involve in the growth projects that are considered as socially irresponsible (Greening et al., 2012; Rupp et al., 2011). Therefore, this also even more negatively influences the competitive advantage of the company. For instance, evaluation of the child labour of the developing economies is generally considered as socially irresponsible behaviour by the public. Although some of the companies have behaved socially irresponsible, they also have to incur the higher labour costs of the developed economies. On the other hand, the other companies that are regarded as socially irresponsible have taken advantage of the low cost of child labour of developing economies and they have decreased their production costs significantly. In the same respect, CSR concept has prevented the companies from involving in the specific markets and products at all. For instance, CSR concept has held the weapon-producing companies from selling to the market of Africa in order to prevent the African countries from developing more serious civil wars as well.

On the other hand, some other researchers did not agree on the ineffectiveness of the CSR projects and investments. Indeed, it is asserted that these projects could even create positive contribution into the profitability and competitive advantage of any company (Julian and Ofori-Dankwa, 2013). At the beginning, the business and finance literature has focused on the dimensions of CSR concept that could have more direct effect on the profitability.

It was assumed that the environment dimension of CSR concept may not result in positive contribution for profitability but generate significant contribution if CSR projects are more focused on the social issues directly related to the company. For instance, the CSR investment projects carried out for the employment and consumer rights are assumed to be effective on the profitability of the company in a positive way. Davis (1975) has concluded that the consumer and employee oriented CSR projects could have direct effect on the perceptions of consumers and employees about the social image of the company. Therein, the consumer satisfaction and loyalty increase and these affect the sales and market share of the company positively. In the same respect, employment programs carried out by the company would be regarded positively by the workforce of the corresponding company. As a result, increase in the motivation of the workers eventually affects the performance of the company as well. Also, this kind of positive attitude toward the labour force through CSR projects could eliminate the costs of the labour force problems of any company as well. Since, the workforce would be more willing to solve the disputes.

More importantly, the better communication channels between workers and the management could be developed through the initiation of CSR projects as well. Regardless of their interest in the company, all stakeholders even the shareholders, investors and bankers are also consumers and also employees as well (Jain et al., 2011; Broadhurst et al., 2010). Therefore, the company that behaves more socially responsible could improve their relations with all those interest groups of the company because eventually all those interest groups constitute and live in the same community.

As a consequence, the improved relations with stakeholders could dissolve the problems between management and stakeholders. More seriously, the stronger relations with stakeholders result increase in the competitive advantage for the company.

Therein, the improvements in competitive advantages would improve the firm performance as well. In other words, developing stronger relations with stakeholders could increase the profitability and performance indirectly because the costs of miscommunication with these interest groups could be easily eliminated.

Additionally, the confidence of them could be achieved easily because the CSR projects of company represent the company as a socially responsible and caring company. Moussavi and Evans (1986) concluded that these stronger relations with stakeholders have the potential to generate economic returns for any company. In another work, Spicer (1978) has found out that even the banks and financial institutions that are basically stimulated through the financial returns also consider the level of social responsibility of any company before they make their investment decisions regarding the corresponding company. In this respect, it is asserted that the social responsible behaviour of the company also influences the outlook of the company such that the company could have easier access to the financial resources as well. More importantly, the socially responsible attitude of any company could improve the outlook of the company from the viewpoint of the governmental regulators. For instance, if the company does not take the necessary action against the pollutions created through the production processes just because of the higher costs of CSR projects, then this irresponsible behaviour of the company even would be more costly. Since, the governmental agencies would force the company to implement the necessary regulations and even punish the company for the pollution it has created.

In addition to those, as the globalization has increased and has been supported through the information technologies; the interconnectedness between different groups of stakeholders has increased. Therefore, the irresponsible behaviour toward one of those groups could be regarded as an irresponsible behaviour for the rest of the stakeholders. Indeed, all of the stakeholders question the commitment of the company to their goals. For example, in the case of environmental responsibilities, the behaviour of the company is also considered as irresponsible by the consumers, employees and other stakeholders of the company.

Based on those theoretical assumptions, Cornell and Shapiro (1987) have studied the CSR of the companies and its effect on the firm performance. They have concluded that the companies that have behaved in a socially responsible way have had to deal with less costly regulations than the companies that do not behave in a socially responsible way.

The CSR had been highly popular owing to the globalization and the changes in the expectations of the consumers and the public, from the enterprises. In other words, whether it is profitable or not, CSR is becoming a compulsory concept for any corporation at an increasing rate (Lim and Tsutsui, 2012; Tengblad and Ohlsson, 2010). More importantly, the companies that do not implement CSR projects and applications have started to become regarded as irresponsible and this affects the public image of the company negatively. In today's business world, the CSR has been so important that every enterprise that has initiated CSR programs have started to generate a better image from the perspective of consumers. Therefore, it is also assumed that the companies applied CSR programs would generate higher sales in the long run and could generate competitive advantage over their competitors. In this respect, the business literature has also started to focus on the financial returns that could be generated indirectly and directly from the implementation of CSR programs and initiatives.

Although there has been expectations about the positive influence of the CSR on the financial performance, the degree of CSR applications of different companies also differ among each other (Carroll and Shabana, 2010; Tate et al., 2010). Moreover, the effectiveness of CSR applications could differ based on the other factors related to the company such as the size of the firm, the organizational structure and the corporate culture of the firm, the industry-based conditions, and the macroeconomic conditions at local and global levels. Furthermore, the expectations of shareholders and other stakeholders could affect the effectiveness of the CSR attitude of the company on the financial performance of the corresponding company as well.

For a company, the expectations about CSR applications could be overwhelming based on the production and industry structure but for another one, the expectations could be lower. Therefore, in the business and finance literature, the researchers have found contradicting results about the effectiveness of CSR on the corporate financial performance.

What is more, the previous CSR applications of the company could change the effectiveness of CSR applications today on the future financial performance of the company (Pearce and Doh, 2012; Ross III et al., 2011). In brief, assuming that CSR improves the financial performance of any company could be misleading without considering the firm-specific, industry-specific and external environment conditions. In the same respect, some companies only focus one single area of CSR applications such as employment side, consumer side or environmental issues. But some others carry out a more comprehensive management of CSR applications. In other words, some of the companies give the same attention to the each side of the CSR management. This choice of companies is also based on the financial and managerial capabilities of the company and also the expectations about their CSR projects as well.

On the other hand, the current studies about the CSR and its relation with the performance of the company have focused on the internal and external conditions in explaining this relation. In other words, it is asserted that there is not enough empirical evidence to state that CSR has always increased the financial performance and irresponsible social behaviour has always decreased the financial performance. Rowley and Berman (2000), in this respect, have focused on for which contingencies CSR increases the financial performance or not.

The recent studies have showed that the internal capabilities of the company determine the effectiveness of their CSR activities on the financial performance. Based on the contingency models, Barnett (2007) has hypothesized that as long as CSR activities improve the stakeholder relationships of the company, then CSR results in better financial outlook because the investors assume the company with stronger CSR is regarded as more responsible and considered as more reliable.

More importantly, regardless of the choice of CSR applications and the internal and external conditions of the company, the company should harmonize their CSR applications and the corporate vision, mission and values as well because CSR projects generally require the support of the top management, employees, shareholders and other stakeholders (Werther and Chandler, 2011).

Therein, the overall organizational structure should be able to support the corporate social attitude of company. In brief, the effect of CSR on the financial performance does not only base on the degree of CSR projects but also depends on the corporations' aspects, industry specific features and macroeconomic conditions as well. Although the CSR and financial performance relation depends on many factors, there is still no consensus on the actual effect of CSR on financial performance of any company.

2.2. Empirical Studies for CSR Effectiveness on CFP

Margolis and Walsh (2003) have specified that there is more than one hundred research carried out about CSR – financial performance relation in the academic literature for the period of 1970s–2000s (Perrini et al., 2011). It is explained that there are generally two types of approaches in the literature regarding CSR – financial performance relation:

- Effects of CSP on financial performance in the short run and
- Effects of CSP on financial performance in the long run.

Although once the empirical studies are categorized in this way; there is still no consensus about the effectiveness of CSP on the financial performance in separate approaches about the analysis based on short run and long run. To begin with, the short run analysis focuses on the short run influences on the financial returns of the company (Perrini et al., 2011). Generally, the short run returns are regarded as the deviations from the general long run trend in the financial performance of the company. In those empirical studies, it is assumed that any company that is involved in CSR applications or corporate social irresponsible applications could generate immediate effect on their financial performance.

In the literature based on short term research, Wright and Ferris (1997) have found out there is a negative effect of the increase in corporate social responsibility applications on the financial outlook of the company. But according to some other researchers, the reverse is relevant. For instance, Posnikoff (1997) has found out positive and significant effect of increase in CSR on the financial returns. Some other researches such as the works of Teoh et al. (1999) and McWilliams and Siegel (1997), however, have concluded that there is no significant relation among those two variables.

The long run based analysis of CSR and financial performance studies have focused on the long run effects of CSR applications and attitude of the companies on their financial returns. As the short run analyses have provided contradicting results, the same also holds for the long term analyses. In one of those studies, Cochran and Wood (1984) have concluded the presence of significant and positive effect of CSR on long run returns of the company, when the analysis is also controlled for the variable of the age of the company. On the other hand, Aupperle et al. (1985) have concluded that there is no long run significant relation between CSP and financial performance of the company. Some other researchers have focused on specific indicators of financial returns and some others have focused on the overall indicators.

Based on the indicator used as a proxy for financial performance, the findings of the research vary as well. For instance, Waddock and Graves (1997) have found out positive effect of CSP on long run financial performance when they have used Return on Assets (ROA) as the main indicator of financial performance and an index of CSP as the main indicator of CSR applications. Based on the stock market based indicators of social performance, the results have been contradicting as well. Vance (1975) has not accepted the findings of previous researchers and concluded that the relationship between CSP and financial performance turn out to be positive once the time span of analysis is increased.

This might be due to the fact that the company is obliged to carry out large expenses in order to finance and support their CSR activities and projects, therefore the expenses increase and profitability declines in the long run. However, once the effects of CSR activities are assumed to increase sales and revenues, then the financial performance improves in the long run owing to CSR activities.

Some analyses have been tried to be improved by including the index variables such that Alexander and Buchholz (1978) have analyzed the overall financial performance of companies that have similar CSR approach by constructing indices. But they have also concluded that there is no significant relation between CSP and financial returns.

As there has been no consensus on the choice of the indicators for financial performance and CSP, there has been no agreement about the appropriate methodology to be used in order to analyze the relation between CSP and financial performances of any company. For the measurement methodologies, some researchers have used the questionnaires about CSP such as survey of businessmen, survey of researchers and academicians in the area of business and finance (Moskowitz, 1972; Heinze, 1976). Some researchers (McGuire et al., 1988; Preston and O'Bannon, 1997) have used rankings such as Fortune rankings and some others have used indices.

The measurement methods of the indicators have differed among different studies but also the usage of those surveys and indicators has not been clear in the literature as well. On the other hand, some researchers have focused on the more disclosed information about CSR activities of companies such as CSR documents, list of activities, annual general meeting reports and others (Salazar et al., 2012; Rahman and Post, 2012). Although those indicators are considered as more related to the analysis for the relation between CSP and financial performance; the reliability of those indicators have been questioned since it is assumed that the companies might exaggerate their CSR activities and their effectiveness and importance or there could be misleading and inaccurate information about the company.

In general, the companies are not keen to include their corporate social irresponsibility in their reports and they are keener to emphasize their CSR activities. Therefore, most of the studies (for instance, Aupperle, 1991; Wokutch and McKinney, 1991) have continued to use subjective surveys and perceptions of the public about CSR activities of the companies. In a similar work, Waddock and Graves (1997) have evaluated the rating systems regarding the CSP of every company listed in S&P500. In this type of rating systems, the financial reports and news about the corresponding company in the press, the cases where the company is analyzed in the academic journals, official reports of state agencies are all taken into consideration in order to generate a single CSP measure for the companies.

Although measuring CSP of a company is a complicated task to carry out, the same also holds for the measure of the financial performance of that company. In the literature, there has not been an agreement on which measure should be used for the financial performance as well. At the beginning, the researchers have used the market based financial performance indicators such as the market size and the level of sales (Alexander and Buchholz, 1978; Vance, 1975). On the other hand, some other researchers have used accounting based measures such as Earning-Price ratio, the book value ratio as financial performance indicators (Waddock and Graves 1997; Cochran and Wood, 1984). Starting from 1990s, the researchers have combined these two approaches in order to generate an index for the financial performance (McGuire et al., 1988).

As it is relevant according to the results about the measures of CSP, it is also valid for measuring financial performance. Based on the previous financial performance measures, the result of the effect of CSP on the financial performance has changed (Salazar et al., 2012; Rahman and Post, 2012). Moreover, the comparison of different studies that have measured the effect of CSP on the financial performance has been more difficult because those different studies have used different indicators for both CSP and financial performance.

All those different indicators have captured different aspects of the relation between CSP and financial performance. In other words, the accounting based measures have just captured the historical features of the relation between CSP and financial performance (McGuire et al., 1988). In the same respect, the stock market based financial performance measures have been subject to the investor-based biases as the stock market value of any company is developed based on the expectations and perceptions of investors. Therefore, the perceptions of the investors about the financial performance of the company may not represent the actual performance.

Although there have been measurement biases on the measurement of the CSP and the financial performance, some of the studies in the literature state that the investment in CSR projects generate positive financial return for the companies. However, in the literature there are many studies that cannot find out any statistical significance of the corporate social investment projects on the financial performance of the companies. For instance, research of Diltz (1995) and Sauer (1997) are two of the studies that have differentiated CSR investment projects and the conventional investment projects. In their works, they could not find out any statistically significant difference between the effects of CSR investment projects and conventional investment projects on the financial performance.

Although both of the works have implemented different indices for the measurement of CSP, the results have not been different. In another work, Bauer et al. (2002) and Kreander et al. (2005) have focused on the ethical mutual funds based performance of the companies and the results have not provided any statistical result about the effect of ethical behaviour of companies on their financial performance.

All those studies mentioned above have generally considered the corporate social performance of the company as a whole without separating the social and environmental aspects from each other. However, some of the studies have separated those two dimensions of CSR concept. In this respect, rather than measuring the corporate financial performance of the company, the level of investment in CSR projects are considered as the measure of CSP as well. Therein, the studies have whether focused on the social or environmental or both dimensions of corporate social investments. According to the study of Orlitzky et al. (2003), CSP measured on the corporate social investment increases the financial performance of companies significantly.

Once CSRs are categorized as social and environmental, their findings reveal that the social dimension of CSR investments provides higher financial performance than the environmental dimension. In another empirical work, Derwall et al. (2005) have investigated the eco-efficiency scores and the effects of those scores on the financial performance of the randomly chosen US companies. To put it in other words, only the environmental dimension of CSP is taken into consideration. Based on the findings of their empirical work, the companies that have generated higher scores have also generated higher financial return as well.

Indeed, the studies, in the literature, have not only been focused on the only social and environmental dimension of CSR but also other dimensions. In one of those works, Becker and Huselid (1998) have focused on the employment rights dimension of CSP. In this respect, they have investigated the relation between human resources (HR) management and financial performance of companies listed within the multi-national companies of the US.

The results have demonstrated that a well-functioning HR management also increases the financial performance of the company significantly. In a similar work, Gompers et al. (2003) and Bauer et al. (2004) have all investigated the separate effect of the corporate governance on the corporate financial performance. In their works, they have generated specific indices for the measurement of the corporate governance performance of companies. They have found out positive and significant relation between corporate governance and the financial performance.

All those studies reveal that there is a certain difference between the studies carried out in 1980-1990 and 2000s such that the studies carried out in 2000s generate and find out positive effect of CSR and CSP on the financial performance of the companies (Callan and Thomas, 2009). However, the previous studies have generated contradicting results regarding this effect of CSR on financial performance. This could be the result of the fact that the studies of 1980s-1990s have analyzed CSP as a whole rather than separating the corporate social concept into its parts or this could be due to the measurement biases as specified above.

More importantly, this could be main result of the fact that the importance of CSR concept in our contemporary world has increased therefore the results imply the positive and significant effect of CSR. Furthermore, the effects of CSR take time to be reflected on the financial performance of any company, therefore the companies that have initiated CSR projects and investments in the past have started to see the positive financial effects of those projects as well. In brief, regardless of the reasons of why the results have changed, there is a certain increase in the importance of CSR and its effect on the financial performance.

In the literature, most of the studies, as explained above, have focused on the effects of CSR of the company on the financial performance. But there are also studies that have focused on the effects of CSR on the other indicators of performance other than the financial performance. For instance, the effects of CSR on the financial risks are also investigated. In this respect, Spicer (1978) and Ullmann (1985) have focused on the effects of CSR of the companies on the variance in the stock prices of the companies in order to figure out how CSR concept improves the perceived risks associated to the company.

In this literature of the effects of CSR on financial risk of the company, initially it is assumed that the lower level of CSR increases the financial risks of the company in a way that socially irresponsible firms are inclined to be involved in riskier investments, which might result in huge amount of losses at the end (Alexander and Bucholtz, 1978; Spicer, 1978). In this case, it is asserted that the company that does involve in socially irresponsible investment projects might get punished because of their irresponsible behaviour eventually and this increases the losses and decreases the profits for the investors and shareholders. For example, in 2000s the bank of HSBC has involved in many unethical behaviour in the global marketplace of financial services. The bank is accused of financing terrorists and drug-lords. Therefore, the bank has been punished heavily owing to these unethical behaviours. This has harmed the public image of the bank and also increased the costs of the bank substantially.

Therein, it is assumed that this kind of unethical behaviours of the company does affect the risks of the company negatively and as a result the cost of investments increases as well. In other words, the financial risks associated to the company increases as result of socially irresponsible behaviour (Lange, 2012). Although in the literature, for this aspect, the focus has been on the irresponsible social behaviour of the company rather than socially responsible behaviour; it is also assumed that the ethical behaviour results in decreases in the cost of financing investments as well. In the long run, the decrease in the cost of investment also increases the growth rates of the company as well. At the end, CSR influences the overall financial performance positively in the long run. However, the lack of CSR and even the irresponsible social attitude increases the overall costs of the company and then the profitability declines.

In order to conclude, today businesses become more concerned about sustainability rather than product and profit. So, people expected companies to help, understand and interact with their surroundings and even governments expect this from them. Especially, reaching information is one of the easiest things in the world nowadays, so when it comes to CSR, people's expectations become higher. They do not just want to see a fake performance and they want to feel like one of us and share same thoughts and ideas to protect and live together. In the literature, there are many models such as CSP on corporate financial performance but there is no certain result to explain advantages or disadvantages of CSP (Peloza and Papania, 2008; Griffin and Mahon, 1997; Marom, 2006). The results of some of the studies about the relation between CSP and financial performance of the companies are summarised below in Table 1. As the findings of these studies indicate, there exists no consensus on the relation between CSP and financial performance of the companies. Although most of these research findings indicate a positive relation between CSR and financial performance; according to some of the research findings there exists a non-significant relation and even a negative relation was found in one of the research.

Table 1: Some of the Research Results about the Relation between CSP and Financial Performance

Authors	Research Findings
Vance (1975)	The relationship between CSP and financial performance is positive once the time span of analysis is increased.
Alexander and Buchholz (1978)	There is no significant relation between CSP and financial returns.
Cochran and Wood (1984)	There is a significant and positive effect of CSR on long run returns of the company
Aupperle et al. (1985)	There is no long run significant relation between CSP and financial performance of the company
Waddock and Graves (1997)	There is a positive effect of CSP on long run financial performance
McWilliams and Siegel (1997)	There is no significant relationship between CSP and financial performance
Posnikoff (1997	There is a positive and significant effect of CSR on the financial returns
Wright and Ferris (1997)	There is a negative effect of CSR on the financial returns
Teoh et al. (1999)	There is no significant relationship between CSP and financial performance

In the literature, theoretical models are based on scenarios for disadvantages of cost. Moreover, some models have not revealed solid proof on results or conclusion about CSP (Orlitzky and Benjamin, 2001; Orlitzky et al., 2003, Griffin and Mahon, 1997; Frooman, 1997; Wood and Jones, 1995). However; the reason that conclusive results have not been discovered is lack of details. For example, Orlitzky et al. (2003) have ignored the importance of industry type and size. However; in some cases, Orlitzky (2001) has to discard some information because some of information is not available for all cases. Therefore, there is a need for determination of sample size, statistical techniques and data connection to today’s current data for better evaluation of CSR. This is also important for discovering knowledge from data and show the importance of CSR for CSP. Orlitzky et al. (2003) suggested sample size and company to be considered. Especially, magnitude or size of company is the question for significance of results.

Another reason for that the empirical studies generate contradicting results about the relation between CSP and financial performance could also be the misspecification of the models such as the omitting variable problem (Callan and Thomas, 2009). Once the significant factors that affect the financial performance of any company are omitted and ignored in the analysis, the results might be tended to over-estimate the effect of CSP on financial performance. In brief, there is still a lot to do in order to figure out the accurate effect of CSR on the financial performance of the companies.

CHAPTER III

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CORPORATE SOCIAL PERFORMANCE (CSP)

3.1. Development Process of Corporate Social Performance (CSP) Concept

The CSR of any company is also expected to generate positive effect on the overall outlook and the image of the company. As specified in the previous chapters, there is an on-going debate about the effects of CSR on the financial performance of the company. Eventually, the company deals with the costs associated to CSRs of itself and at the end it is expected to generate positive outcome on the company. In this respect, it is expected to see that the companies with a larger focus on CSRs of themselves have also tended to create a better corporate social performance than the other companies (Lindfreen and Swaen, 2010; Bassen et al., 2005). After that, it is hypothesized that the companies with higher Corporate Social Performance (CSP) could generate better financial performance as well. In this sense, CSP represents the linkage between CSR and the financial performance.

Based on the assumptions developed in the business and finance literature, the same literature has tried to develop a commonly agreed definition for CSP (McWilliams and Siegel, 2001; Cochran and Wood, 1984; McGuire et al., 1988). However, the definitions generated for CSP are not regarded as fully sufficient to explain the main issues related to CSP. In the previous literature, Sethi (1979) has focused on the categorization of CSP concept but did not develop any definition for CSP that could cover all of the sub-categories of CSP.

In the same respect, in another work, Preston (1978) has generated the methodology for how CSP could be investigated and measured but he did not develop any definition for the concept of CSP. In the following periods, Carroll (1979) has focused on the interaction between the concepts of corporate social concerns such as categorization of social responsibilities of any company, the social concerns of the society and government and corporate social responsiveness of the businesses.

Moreover, there have been research that has focused on the external effects of the society and governments and international organizations, NGOs on the businesses through the social control but they have not tried to evaluate the effects of CSP of any company (Jones, 1983). On the other hand, some other researchers such as Ullmann (1985) have only focused on the development of a proper methodology to measure only CSP and also generate a better and more comprehensive literature for CSP concept (Klein and Dawar, 2004; Luo and Bhattacharya, 2006; McGuire et al., 1988; Abbott and Monsen, 1979). In other words, the corporate social responsibility concept has been highly popular since 1970s-1980s but the literature could not decide what to do with the concept of the corporate social responsibility and more importantly, the attempts to measure CSP have not been satisfactory in that period. The following literature of CSP concept has generally directed their research to the generation of theoretical models for CSP based on the previous literature about CSR. For instance, Wartick and Cochran (1985) have developed a model for CSP concept and they have modelled CSP concept within the framework of the related corporate social concepts such as social responsibility, social responsiveness and other similar concepts within the context of corporate social issues. More importantly, their work and also following studies in the literature have assumed that CSP cannot be defined and measured independent from its interconnection with other corporate social issues. Therefore, during 1970s and 1980s the business literature has tried to integrate CSP concept into the overall social issues regarding the businesses and industries.

As the importance of the corporate social responsibilities and social concerns of the stakeholders rather than shareholders has increased, the business literature has directed their attention to how the businesses could turn their corporate social responsibilities into positive outcome and also competitive advantages for those businesses. Therefore, most of the researchers (McGuire et al., 1988; Frederick, 1987) have attempted to create new theoretical models and empirical research directly related to the CSP concept since the end of 1980s and during 1990s.

Among those attempts, Miles (1987) have generated the first important attempt to generate an overall theoretical model for CSP. He has especially focused on the corporate social responsiveness of any company and how this social responsiveness could be turned into a positive outcome with respect to the overall organizational performance and therefore the concept of CSP has started being developed comprehensively (Wood, 1991; Waddock and Graves, 1997). More importantly, Miles has tried to turn CSR of any company into a strategic management tool in order to show that any company could use their social responsibilities for better organizational performance. In this respect, the concept of CSR has started to imply more than just compulsory responsibilities of any company. In other words, CSR concept has been a strategic tool to increase the performance of company and in this respect; CSP concept has been much more developed. However, the model developed by Miles has also only taken the external pressure on the management of the company about the social responsibilities but did not focus on the internal features of the responsibilities such as the morality within the overall organization (Waddock and Graves, 1997). Therein, Miles' model is not considered the most comprehensive theory for CSP. More importantly, during 1980s and 1990s, the literature has assumed that there is no actual social responsibility of the businesses at all but the businesses could just socially respond to the changes taking place in the external environment of businesses.

In 1985, in their work, Wartick and Cochran (1985) have regarded the corporate social performance in a much different perspective. They have offered another way of considering the relation between the business and the society as a whole. But their work is mostly focused on the cause and effect based relation between the business and the society (Husted, 2000; Ruf et al., 1998). To put it in other words, the potential interconnection and communication between the society and the business is mostly undervalued.

Furthermore, the same literature has founded their theories regarding CSP based on the assumption that there are certain and formal rules and regulations about how the company should behave socially and how to treat during their interactions with the society (Husted, 2000; Ruf et al., 1998). On the other hand, organizational factors such as the importance of the corporate culture, corporate structure and more importantly the human resources are not included into the analysis of CSP concept.

Indeed, the results have demonstrated that although the management tries to generate formal system of rules and regulations for the social responsiveness, meaning that is the system of how to respond to the social concerns; in most cases this approach has failed without the support of especially the internal stakeholders of the company such as employees (Weaver et al., 1999; Wartick and Cochran, 1985; Clarkson, 1995; Ruf et al., 1998; McWilliams and Siegel, 2001). In this regard, the informal rules and behaviours could constitute the overall social responsiveness of any company although they may not be supported through the written, formal rules. This reveals that the social responsiveness of any company about their social responsibilities could be developed by the organization naturally through time without any enforcement or regulation. Henceforth, CSP has turned as a much more difficult concept to measure from the perspective of researchers.

What is more, in the business literature the researchers have always looked at the social responsiveness and social performance from the positive side implying that the social performance is assumed to be positive rather than negative because it is assumed that CSP could be only positively evaluated (Weaver et al., 1999; Swanson, 1995; Simpson and Kohers, 2002; Preston and O'Bannon, 1997). In this sense, the negative attitude of the companies is ignored in CSP concept within the business literature. Indeed, it is hypothesized that the corporate social performance is only the performance that a socially responsible business could have but socially irresponsible business could not have.

With respect to CSP concept, there is also an important distinction between the corporate social responsibilities of the company and how the company could turn those responsibilities and their responsiveness to those responsibilities into better or worse corporate social performance (Johnson and Greening, 1999; Bhattacharya et al., 2012; Carroll and Shabana, 2010). In this sense, a company might involve in every aspect of the social responsibility concept such as environmental issues, human rights issues and others but this does not guarantee that the company's CSP would be higher and positive. This also depends on how the company manages their social responsiveness strategically through various communication channels. In other words, CSP is much more comprehensive than the concepts of corporate social responsibility and the responsiveness. In this case, the company might also integrate the strategic management, supply chain management and more importantly marketing management into the overall CSR and responsiveness. Then all of these have result in the final level of CSP of the company. This also reveals that CSP has required much more attention of the business literature.

In some of the studies, it was concluded that CSP basically depends on how CSR principles and approaches and also external requirements of the society could direct the company to be more focused on the social responsiveness; how the company evaluates different potential and different social responsiveness to the specific aspects of CSR and how the policies, mission and vision of the company could assist to generate better social relations and connections with stakeholders of the company (Carroll and Shabana, 2010; Wood, 2010; Banerjee, 2008). Within this analysis, the toughest issue is to be able to separate the good and worse CSP from each other. More seriously, the main problem is to analyze the negative outcomes of good motives regarding the CSR and responsiveness.

In brief, as a result of all these different approaches developed for CSP concept, CSP has gained much more importance in the literature (Carroll and Shabana, 2010; Bhattacharya et al., 2012). Especially, with the demands and needs of the external stakeholders such as the society and consumers, CSP has emerged as an important part of the overall organizational performance because the public has been also more worried about if the companies carry out their social responsibilities or not. Indeed, it is asserted that the environmental and social orientation of any company has been the signal of the corresponding company is socially responsible or not. In return, the consumers and society have preferred purchasing the goods and services of those socially and environmentally oriented companies (Carroll and Shabana, 2010; Bhattacharya et al., 2012). In this sense, CSP of any company is respected as being the main signal of better customer satisfaction in our contemporary world. Although the social performance of a company depends on its internal attitude and preferences, the external factors, as specified above, have been highly influential on the fact that the businesses have been more interested in their social responsibilities.

3.2. Measurement Methodology of CSP

In the literature, once CSP and its importance have taken much more attention of the researchers, another concern and subject has been much more important, which is about how to measure CSP of any company. It is asserted that in this way, the society could compare the social performance of different corporations. More importantly, once CSP could be easily measured, the interconnection between the CSR and responsiveness and the financial performance of any company could be tested and figured out as well. In this sense, many various and different measures for CSP have been developed (Bhambri and Sonnenfeld, 1988). As a result of different approaches to measure CSP of any company, four basic methodologies are developed that are now widely used in the business and finance literature. Those methods are:

- *Fortune Magazine Reputation Index*, which has been basically regarded as a perceptual method;
- *Kinder, Lydenberg and Domini (KLD) Index* which is a hybrid measure of both perceptual and also multi-dimensional features of CSP;
- *Toxics Release Inventory (TRI)*, which is a pure numerical method reported by the company itself, and
- The last measure is the *corporate philanthropy*.

In the methods of KLD Index and Fortune Magazine Reputation Index, CSP is measured based on the subjective perceptions of different and external sources. In this respect, those two measures of KLD Index and Fortune Reputation Survey are developed based on the assumption that CSP is indeed a perceptual performance of any organization because how people perceive the social performance of any company is indeed important for the company as well (LaGore et al., 2011; Sun, 2012; Ma and Deng, 2011; Cho et al., 2012; Philippe and Durand, 2011; Brown et al., 2009). To put it in other words, the main concern about CSP is the perceptions of the stakeholders about the company rather than the actual social performance of the company.

As specified above, the good intentions may not result in good social outcomes in fact there could be bad outcomes resulted from the good intentions. Therefore, at the end, the important point is how the stakeholders of the company perceive the company's overall social responsiveness and then those perceptions determine the level of corporate social performance.

In the case of the KLD Index, the measure of CSP is based on the consideration of multiple issues and concerns regarding the social responsibilities such as environmental concerns, human rights issues, education, diversity in workplace, consumer rights, product quality and features and many other dimensions of overall social responsibilities that are considered at the same time. In the measure of KLD Index, the final result shows the overall social performance of the company.

In this sense, the KLD Index could be regarded as a better measure of CSP rather than the Fortune Reputation Survey (Liston-Heyes and Ceton, 2009; Chiu and Sharfman, 2011; Orlitzky and Swanson, 2012; Escrig-Olmedo et al., 2010; Turker, 2009). However, here the problem is to decide which weights should be given to each dimension of the social responsibilities. All those dimensions could also be treated equally. In another case, one dimension would be much more important for the stakeholders and therefore this dimension could be more influential on CSP. Therein, within the KLD Index, a larger weight must be given to this specific dimension. However, deciding which dimension(s) is (are) more important for the determination of the level of CSP is also based on the perceptions of the researchers as well.

Although both of those measures mentioned above could generate a better understanding about CSP of any company and based on CSP measured by them, the company could focus on the specific dimensions and areas of CSR in order to change the perceptions of the public. For both measures of KLD Index and Fortune Reputation Survey, the measurement of CSP are based on the perceptions of the participants that have rated CSP of any company based on their perceptions and also based on the perceptions of the researcher (Liston-Heyes and Ceton, 2009; Chiu and Sharfman, 2011; Cho et al., 2012; Philippe and Durand, 2011; Brown et al., 2009).

As a result of this, both of those KLD Index and Fortune Reputation Survey could be biased in measuring CSP. More importantly, the participants of the survey and researchers of the indices could perceive CSP of companies based on false information about the companies. In most of the cases, the perceptions are processed through the information available about the social responses of the company and this information is indeed mostly provided by the company itself. Therefore, CSP of every company is tended to be overvalued because none of the companies would publicize their socially irresponsible behaviour, actions and attitudes. In brief, both those indices and surveys are subject to be biased and also the results they provide could be overrated.

On the other hand, the other two measures of CSP are based on the numerical measures of the performance concept. Once the measures of corporate philanthropy and the TRI are based on the quantitative analysis, then the results also would be less biased than they are in the case of KLD Index and Fortune Reputation Survey. More importantly, the measures of TRI and corporate philanthropy are not based on the perceptions of researchers and/or participants of surveys and therefore the TRI and corporate philanthropy based CSP measures are not subject to be overrated (Wang et al., 2008; Wang and Qian, 2011; Wagner, 2010; Hull and Rothenberg, 2008). In this sense, those measures might be regarded as more preferable by the researcher but this does not hold all the time. Since, as specified above, the CSP could be regarded as a more perceptions based performance measure of the overall organizational performance. In other words, CSP could indeed be determined based on the perceptions of the stakeholders.

If the stakeholders perceive that the corresponding corporation is socially responsible at high levels then this also means that the overall CSP is higher for the company, although the actual CSP could be much different than the perceived CSP. In brief, what matters for the company could be the perceptions rather than the actual performance.

In order to separately analyse each measure of CSP that is heavily used in the literature, first of all, the Fortune Reputation Survey has been substantially preferred by many researchers and many related studies (McGuire et al., 1988), although the Fortune Reputation Survey is subject to the personal biases of the survey participants. During the preparation of the Fortune Reputation Surveys, however, the participants are not chosen randomly from the public but chosen among the CEOs of many different companies, external directors, and financial analysts. In this way, the informational biases of the participants are aimed to be reduced as well because those specifically chosen participants would be much more informed about the actual CSP of the corresponding company.

Once the participants of Fortune Reputation Survey are chosen and determined, and then each participant is asked to rate the reputation of the chosen companies based on a ten-rate scale, scale of zero implies no reputation at all and scale of ten implies the highest level of reputation (Fryxell and Wang, 1994). Based on the reputation rate given to every company by different survey participants is turned into a final index level for every company that are taken into consideration within the reputation survey. Although Fortune Reputation Survey is basically based on the perceptions of the participants (Wang et al., 2008; Wang and Qian, 2011), in most of the studies about CSP and Corporate Financial Performance, the results of Fortune Reputation Index or the researchers' individual perceptions about the CSP of the companies analyzed are used as the basic measure of CSP (Surroca et al., 2010; Van Beurden and Gössling, 2008; Brammer and Millington, 2008; Makni et al., 2009). Indeed, as specified above, some researchers have concluded that the perceived social performance carried out through the surveys and/or the individual perception of the researcher about CSP could be much more dominating factor when many companies' CSP are compared simultaneously (Fryxell and Wang, 1994). In other words, the relative CSP measurement based on perceptions could be regarded as a better decision-making method for the overall corporate social responsiveness of the company rather than the actual CSP.

Besides the Fortune Reputation Survey, another perceptions based measurement method is the KLD Index for CSP measurement. The KLD Index is indeed an index prepared by a financial analysis company, Kinder, Lydenberg, Domini and Co., Inc. Initially, the KLD Index version developed by this financial analysis firm has included eight dimensions regarding the corporate social responsibility (Choi et al., 2010; Callan and Thomas, 2009; Nelling and Webb, 2009). Those eight dimensions have been community relations; employee relations; environmental concerns; product features; diversity in the workplace and minorities' conditions; military contracts; nuclear power and aids provided to the South Africa. The dimensions of community relations; employee relations; environmental concerns; product features and diversity in the workplace and minorities' conditions were evaluated based on the 4 point scale of measurement (Cochran and Wood, 1984).

On the other hand, the following other three dimensions of the first version of KLD Index are evaluated based on the dichotomous scale: whether the dimension of CSP is weak or strong in the company (Garcia-Castro et al., 2010; Choi et al., 2010; McGuire et al., 2012; Chatterji et al., 2009). However, those dimensions of the KLD Index have been changed through time substantially. First of all, the military contracts, aids to the South Africa have been generally eliminated from the list of the dimensions included in the index. Since, the preferences of the public have changed when the public evaluates CSP of any company. In our contemporary world, the KLD Index is generally based on the dimensions of education of the employees and public, consumer relations, product features, diversity in the workplace, and mostly the environmental concerns.

Although both KLD Index and Fortune Reputation Index are all based on the perceptions of the researchers and participants, the KLD Index is considered as a much better measurement method of CSP because KLD Index takes more than one dimension of CSP (Liston-Heyes and Ceton, 2009; Chiu and Sharfman, 2011; Cho et al., 2012; Philippe and Durand, 2011; Brown et al., 2009).

On the other hand, in the case of the Fortune Survey based measurement, only the perceived reputation of the company is taken into consideration. However, the researcher cannot know which dimension is more influential on determining the reputation of the corporation with respect to the social issues. Once many more criteria are included into the measurement method of CSP in the KLD Index, it is assumed that KLD Index is indeed a much better measurement method than the Fortune Surveys. However, there has been one important deficiency in the KLD Index measurement, which is the lack of the proper weighting of the dimensions. All those dimensions are given the same weights through the preparation of the final KLD Index. Moreover, there is another important concern about the KLD Index and it is related to the product line of the company (Coleman, 2011; Garcia-Castro et al., 2010; Vitaliano, 2010). Most of the financially successful corporations are involved in much wider product variety such as Procter and Gamble, Henkel and others. In this sense, this could generate some difficulties in evaluating CSP of the corporation because there could be contradicting approaches among different categories with respect to the different product categories.

In one category, the product features dimension of KLD Index could be much more effective on CSP of the company (Coleman, 2011; Garcia-Castro et al., 2010) and therefore the weight of this dimension must be higher. But for the same company, CSP regarding another product features dimension would be less important. In this sense, the measurement calculations could be much more complicated and then this might result in miscalculations as well.

In the same regard, today, most of the corporations are multi-national meaning that they involve in marketing, manufacturing and other operations in many different local markets all around the world. Therefore, the management of the company could be much more difficult for the multinational corporations. This geographical diversity also influences CSP of the multinational corporations (Brammer et al., 2012; Thompson, 2011; Devinney, 2010; Duran and Bajo, 2012). With respect to the measurement of CSP, the same corporation could be more concerned about the environmental issues in one of the markets they operate.

In another case, for some specific local markets, the human rights oriented social responsibilities of the company would be much more important for CSP. Since, in the developed economies, the human rights are already kept under the protection by the legal system and therefore the corporation is obliged to satisfy the dimension regarding the human rights oriented dimension of KLD Index. In this sense, in the construction of KLD Index is required to give less weight to the human rights dimension. However, in the case of CSP of the same multinational corporation in a developing economy, the human rights dimension of KLD Index might be much more influential on CSP, therefore the weight given to human rights dimension is required to be higher.

In brief, although the KLD Index is a much more advanced version of the Fortune Reputations Survey, the multidimensional structure of the KLD Index makes the measurement of CSP of any company much more difficult and more complicated. In this sense, the KLD Index requires a much detailed and careful approach for the calculation of CSP of any company (Brammer et al., 2012; Thompson, 2011; Wang et al., 2008; Wang and Qian, 2011).

Once today's complicated and dynamic business environment is considered, the importance of the multi-dimensional structure increases and also updating the dimensions regularly becomes more important. Since, how the public and stakeholders perceive the social performance of any company changes as well. To sum up, the KLD Index requires continuous control of the dimensions and also update of the weights specified for each specific dimension.

Indeed, the most recent studies (Chen and Delmas, 2010) have revealed that this multi-dimensional structure of CSP measurements such as KLD Index does not generate effective and accurate measurement of CSP. Those recent studies have concluded that multi-dimensional measure of CSP is sensitive to the weights set for the measurement methodology, as specified above. More importantly, this vulnerability of the measurement methodology to the weights set for every CSR dimension could result in accurate results. In this regard, the recent studies have implemented a more detailed and qualitative analysis for the aggregation of many dimensions of CSR on the calculation of social performance of any company. The aggregation of many different dimensions is needed for the calculation of CSP but this process is found out as requiring a more comprehensive approach. Henceforth, the researchers of CSP have implemented a new methodology called Data Envelopment Analysis (DEA). This method is generally used for measuring the efficiency of the firms in the previous literature (Charnes et al., 1978; Cook and Zhu, 2006). In the method of DEA, the researcher does not need to define and specify the weights in advance of CSP calculations. Indeed, the DEA method has also calculated the optimum levels of weights of every dimension defined within CSP methodology.

Moreover, DEA methodology also takes both the good and bad social performance indicators at the same time (Duran and Bajo, 2012; Richard et al., 2009; Paul and Siegel, 2006; Belu, 2009). Therefore, a company’s social performance might be calculated as negative. This also improves the final calculation of CSP of every company.

Also, this methodology provides a better insight for any company because the consideration of both good and bad outcome at the same time reveals in which dimensions the company needs to behave immediately in order to correct the bad outcomes for the regarding dimension of CSR. Although the DEA methodology provides more robust and reliable calculations for CSP measurement; the researchers still prefer using the KLD Index for the measurement of CSP.

Once the Toxic Release Inventory measurement is considered, regulations on toxic release for manufacturing in U.S. are based on disposal of waste, air, water and land contamination, number of employee and threshold for consumption of these chemical materials (Färe et al., 2010; Lim et al., 2010; Bui and Mayer, 2003). These regulations have been the Emergency Planning and Community Right to Know Act with Superfund Amendments and Reauthorization Act since 1986. For instance, thresholds for manufacturing and processing are 25,000 pounds for each toxic material and threshold of other uses is 10,000 pounds for each of them (U.S. Environmental Protection Agency official website). These regulations are controlled by federal government and reported to Toxics Release Inventory. However; reporting to Toxic Release Inventory requires a company with more than 10 employees and release of toxic chemicals is the limit (Färe et al., 2010; Lim et al., 2010; Bui and Mayer, 2003). Toxic Release Inventory data is used by government, scientific researchers, green groups and environmentalists to control release of toxic to environment. The regulations are more than 20 years and importance of environment has been seen as Toxic Release Inventory database covers very wide range. Gerde and Logsdon (2001) reviewed the database for researchers and suggest focusing on one or only few industries or results for industries. Regulations, reports and controls to environments from outsiders and governments show degree of importance to life. These information sources can directly affect CSP.

With respect to the corporate philanthropy, moreover, CSP is very important for philanthropy as it means love to humanity (Lavine, 2012; Mujtaba, 2010; Kang and Alcantara, 2011; Thomsen, 2010). Philanthropy is directly related to CSP and it suggests relations as Corporate 500 directory of Corporate Philanthropy (1991-1992, 1992-1993, 1993-1994) analyzes companies for activities, geographic areas and degree of financial support. Toxic Release Inventory and directory of Corporate Philanthropy are important tools for evaluations of CSP.

In brief, the measurement of the financial performance of any company is much easier for the researchers because the financial performance indicators are basically dependent on the quantitative analysis and the perceptions are not needed in the measurement methodology. More importantly, for many decades, the same financial performance measurements such as ROE (Return on Equity) and ROA (Return on Assets) are used by the researchers in order to compare the financial performance of companies through time and with the financial performance of each other (Davidović et al., 2012; Bayoud et al., 2012; Nyberg et al., 2010). On the other hand, CSP is a much more complicated performance variable because first of all, there are many determinants of the social performance such as environment, human rights, product features and other dimensions. Also, the perceptions of the society about CSP are much more meaningful for the researchers than the actual performance of CSP. Therefore, the previous literature has always generated contradicting results regarding the relations between CSP and CFP of any company. Once, the indicator of CSP is not calculated accurately then this affects the results and findings of the further studies as well. In this sense, CSP measurement requires much more attention of the researchers.

3.3. CSP and Measurement Problems

There are several subjects of CSP related with corporations. CSP at the beginning is something used for attracting stockholders and it is far away from benefit of society (Jones and Murrell, 2001). Therefore; CSP structures and aims are evolved in the eyes of community and corporations.

First of all, operationalization of CSP is considered to be based on financial performance and duties to society (Freeman and Velamuri, 2008; O'Riordan and Fairbrass, 2008). This is the state between corporate based thinking and current understanding and it means more competitive environment for companies as it is enterprising and antithetic approach to CSP (Griffin and Mahon, 1997). However; measuring CSP becomes difficult mission as research and evaluation point to CSP in aggregate results indicate contradicting results for most of the research.

However; change and current research show possible changes and improvement in CSP evaluation. Nature of the problem, itself inherently changes the results and past work supports this result. For example, one possible solution for measuring CSP comes from insight of corporations as it suggests the evaluation of stakeholders for financial performance with stakeholder theory (Ruf et al., 2001), stakeholder matching (Wood and Jones, 1995), stakeholder salience (Harrison and Freeman, 1999), networks (Wheeler et al., 2003). These theories and strategies become more powerful evaluation methods and acceptable approaches to CSP. This model is based on corporate behaviours and model evaluates more general and realistic outcome as it is based on company and its true intention.

Contradicting results are not only problems in CSP as there are several problems for its future especially considering logic, assumptions and boundaries of CSP. Also, these problems affect directly results and causes current problem, so contradicting results is not only bound to the models but also it is based on logical approach in models (Wartick and Cochran, 1985; Griffin and Mahon, 1997; McGuire et al., 1988; Stanwick and Stanwick, 1998). Firstly, CSP is a research with wide range attributes as many possible and different issues are points existing and choice is directly affecting the results. This effect leads unreasonable conclusions and causes more complex approaches at the same time.

Multidimensional nature of the models is difficult to comprehend the problem clearly (Brammer and Pavelin, 2006; Richard et al., 2009; Neubaum and Zahra, 2006; Baghi et al., 2009) and boundary of CSP research should be evaluated as models become useless and impossible to produce a feasible solution. Therefore; it requires identifying boundaries, determining meaningful attributes and strong logic in model. These features are strengthening the solutions and models to become more reasonable and acceptable. These show important points and critics for CSP evaluating models as how to evaluate corporations for social performance becomes more about evaluation and model logic. These changes truly nature of models and shows strength and meaningfulness of evaluation models.

CSP is a research based on actions of describing, classifying and predicting as these can determine proper actions for a corporation and affects for their current conditions. It becomes more strategic tool rather than just evaluating corporations for CSP as it creates opportunities instantly (Hull and Rothenberg, 2008; Carroll and Shabana, 2010; Schuler and Cording, 2006). Also, it indicates corporations place in society and affects society points as the responsible people and customers. It changes loyalty in the eyes of customers and change target customers, mission and vision of a company. Even corporations might be forced to be more socially responsible and effective member of the society like any individual. This is the main reason and strength of CSP research as well-established model can play vital role for societies, benefit of individuals and corporations.

However; investigation of variables are important part of this problem as assumptions and boundary of CSP can be shaped in this point with selecting inputs. Variables are the heart of evaluation and their strength, interaction with each other, completeness, limitations, weaknesses shape logic in model and show strength in results. It is one of the main issues in CSP problem and at the same time, it makes problem infeasible and far away from reality (Hull and Rothenberg, 2008; Carroll and Shabana, 2010). Especially, general critics from CSP researchers are financial performance is only one dimension and most of researchers suggests financial performance and CSP are very different subjects (Bendheim et al., 1998). Particularly, it lies with the reason of multiple goals in corporations.

Pressure on management is wider and external and internal forces affect each other in much more different ways rather than it is just about leading a company. Especially, stakeholders' expectations, profit based considerations, customers' expectations, employees' view, governments' regulations and many other issues are regarded for top managements' decisions (Wood, 1991). These are also taking much more different levels for global companies as different people and governments mean more regulation and expectations and this state makes them more difficult to evaluate corporations for CSP.

There are also other constraints and evaluations for CSP as commitment of management affects strength and power and also decisions complicates conditions of companies and how to move forward (Ali et al., 2010; Colwell and Joshi, 2011; Collier and Esteban, 2007; Schuler and Cording, 2006). Response are not just constraints of environment but also, management and stakeholders are the key elements in this problem and shows how to response change in market. Their strategy will be more social responsible or beneficial acts and it takes different level with their position and how to approach opportunities. These drivers can be considered as internal effects or drivers and decision range and acts become more drivers (Greening and Gray, 1994). These effects have no relationship at all as it can be positive or negative for social responsibility.

However; pressure from outside might lead and control companies as customer power or government's strict regulations can change the view of management and forces companies to act more responsible or without any constraints, management can see responsibilities as it can also affect other companies. These are external drivers but there is no certain way to separate from real responsibility to window dressing. Window dressing means not real, just for image in front of people or a lie. It also affects results of CSP evaluations and might be one of the reasons for contradicting results in early research.

One of the CSP research based on Fortune 1000 companies is analysis of external forces (governments, media, market, business society, management commitment and so on). This analysis is including the profit making, responsibility to others and ethics in order to discover their interaction and contradiction with each other. The research shows general meaning for commitment, ethics and external forces as it reflects their effect in each other (Hunt et al., 1989).

However; commitment is not any subject to evaluate, predict or assume because it affects and describes in wide range. Especially, conditions and states of companies varies for their situation as one has lack of opportunities to show responsibility or competition forces, taking less responsibility does not mean commitment is weak or corporations has full of responsibilities shows strength in commitment (Ali et al., 2010; Colwell and Joshi, 2011; Collier and Esteban, 2007; Liu et al., 2010). It only means lack of power or not tested.

Another issue is the managerial commitment to CSP and CSR. Commitment requires more analysis as ethic programs might be more powerful subject to show what social responsibility means for the management. These programs are not just opportunities but benefits for companies are less than any social responsibility. Therefore; management commitment can be seen or evaluated in gains and responsibilities balance especially time change is one of the important indicators (Ali et al., 2010; Colwell and Joshi, 2011; Brammer et al., 2007). Research for CSP is also about managerial discretion and this might be powerful features to separate true commitment from window dressing (Cowen et al., 1987). Especially, one of the arguments about discretion is image of social responsibility for management since CSP also means positive duty or expectation rather than negative effect or another constraint from environment or governments. It is a strong indicator for management’s actions.

What is more, social responsibility should be like any other decision to plan and control for management (Wartick and Cochran, 1985) and actions show more effective and responsible as it leads to more ethical management.

Especially, decisions for opportunities and organization are most important for commitment of management and where social responsibility stands for them (Ali et al., 2010; Colwell and Joshi, 2011; Collier and Esteban, 2007; Schuler and Cording, 2006). Moreover, strategic and financial actions are the indicator of ethics. Therefore, it might not be easy to evaluate management for their commitment to social responsibility but truly, there are strong indicators separating realities from window dressers.

CHAPTER IV

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS EFFECT ON CORPORATE FINANCIAL PERFORMANCE (CFP) IN TURKEY

4.1. CSR and CFP in Turkey

The Turkish economy is still regarded as a developing economy although the country has initiated many radical and comprehensive developments and regulations on the local markets, industrial production, banking and financial sector, institutionalization of the economy and many others as well (Ertu and Selcuk, 2001). Moreover, the high level of urbanization has made the Turkish population more aware and knowledgeable about the economy and the industries. However, the Turkish economy still mostly consists of many small and medium sized enterprises (SMEs). In this sense, it is not possible to state that the Turkish enterprises are aware of their overall social responsibilities and also they take the social performance into consideration (Yilmaz, 2003). Since, most of the SMEs are more concerned about how to survive in the national and global marketplace, where the competition is much tougher for the SMEs. In this sense, the financial performance is the main and only goal of Turkish SMEs.

On the other hand, the same does not hold for the large scale, Turkish enterprises and Turkish multinational companies. As the Turkish public becomes much more informed about the social responsiveness of Turkish corporations through the social media tools, especially large scale Turkish enterprises have started becoming more involved in the social issues (Aktan and Boru, 2008).

Furthermore, the Turkish literature has also started focusing on the corporate social responsibilities and responsiveness of the Turkish corporations (Aktan and Boru, 2008). However, there is still not sufficient level of focus on the corporate social performance of the Turkish enterprises.

Most of the studies in the business literature regarding the case of Turkey put attention on the subject of how the SMEs could relate CSR to the other related subjects such as workplace ethics, reputation and brand image and other similar marketing issues. Some few studies and researchers have worked on the relation between the Turkish corporation's social responsibilities and firm performance. Most of those studies have concluded that there is a certain, significant and positive relation between the CSR concept and the financial performance for the case of Turkey (Yilmaz, 2010).

Some of the studies regarding the CSP – CFP relationship in the Turkish market have evaluated CSP based on the amount of the donations and aids exercised by the companies and some of those studies have evaluated the survey analysis in order to measure CFP of Turkish enterprises and corporations (Aras et al., 2009; Dincer, 2011; Arsoy et al., 2012). In the same regard, ROE (Return on Equity) and ROA (Return on Assets) are evaluated as the main financial performance in those studies. Based on the both correlation and regression analyses, the most of those studies about Turkish enterprises have found out significant effect of CSP on the overall financial performance of Turkish enterprises. However, the lack of the properly prepared and exercised Index for CSP measurement does decrease the degree of the reliability of those studies about CSP and CFP relation regarding the Turkish enterprises.

Based on the analysis carried out for the ICI-holding (Istanbul Chamber of Industry) 100 corporations of Turkey, the most of those corporations, more than 60%, declare their social responsibilities on their official website (Figure 2). And more importantly, there is a certain tendency toward and focus on specific dimensions of CSP among successful corporations in Turkey (Figure 3).

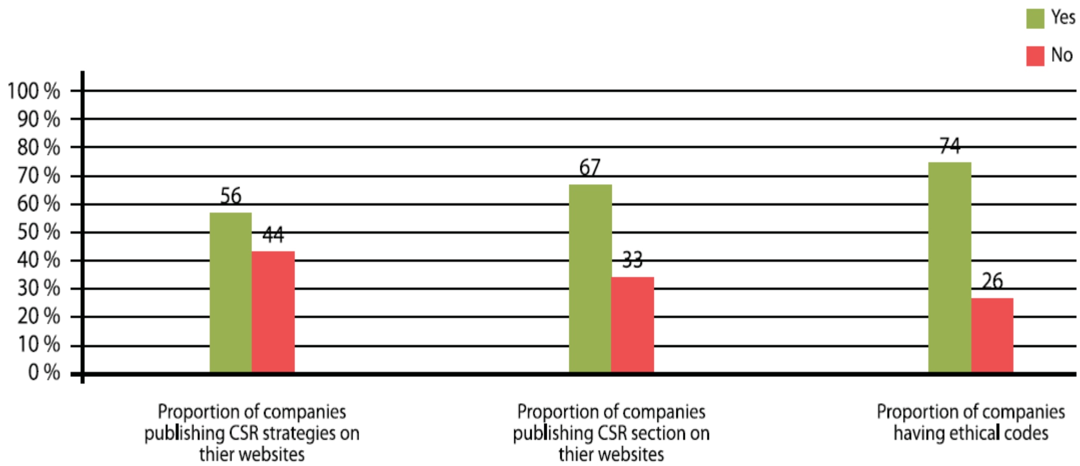

Figure 2: Practices of ICI – 100 Corporations in Turkey, 2010

Reference: Corporate Social Responsibility Association of Turkey

Based on the Figure 2 above, more than half of most successful Turkish corporations are involved in social responsibilities and also directly manage their social responsiveness.

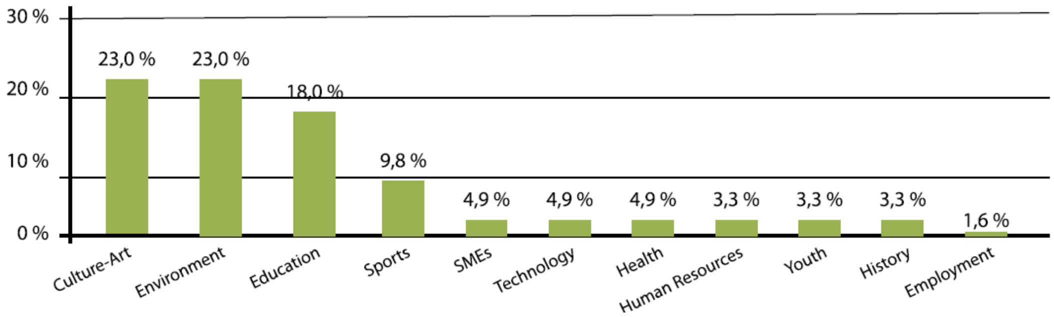

Figure 3: CSR Fields of the ICI – 100 Turkish Corporations

Reference: Corporate Social Responsibility Association of Turkey

Figure 3 above demonstrates that most of the successful Turkish corporations focus on the social issues about culture and art, environmental concerns and education. On the other hand, the issues related with employment and human resources are still not taken into consideration.

In the following table, the studies in which CSR performances of the companies measured against CFP are also listed (Table 2).

Table 2: Studies Conducted in Turkey

Authors	Research Findings
Ibisoglu (2007)	There is a negative relationship between CSR and CFP however, positive relationship in the long term.
Kavuncu (2009)	There is a positive relationship between CSR and CFP.
Alparslan and Aygün (2013)	There is a positive relationship between CSR and CFP in short term.

CHAPTER V

METHODOLOGY

In this study, 100 Turkish companies were analysed based on their CSPs and CFPs. In determining the companies, Fortune 100 was used and all of the listed companies were included in this study. The list of the companies is presented as Appendix A.

KLD Index was used to determine the social performance of the selected companies. In this manner, depending on the information gathered from official websites of the companies, a dummy variable has been developed for each measure of the KLD Index and each company has been evaluated in terms of their CSPs based on these measures. Following to this, sales growth, ROE, growth of earnings before interest and taxes and growth on net assets were calculated for each company that are included in this study.

Since there is a lack of information in the websites and annual reports of some companies, 46 out of 100 companies were included in the final analysis. In fact, all companies' websites and annual reports are visited by the researcher nevertheless only 46 of them were found as having adequate information for the analysis. A regression analysis has been performed in determining the relationship between CSP and CFP. The main hypothesis of this analysis has been that the dimensions of CSR focused and responded by the corporation do have significant influence on the financial performance of the corporation.

Data in relation with the financial results of companies and the information concerning the CSP of the companies selected is obtained from the companies' official websites. The companies are selected from the Fortune Magazine, Turkish publication of 2013. Cross-section data analysis is performed for the econometric section of the study. Therefore, the latest CSP measurements are considered for the financial statistics of the companies. These financial indicator data is employed for the data pertaining to the end of 2012.

5.1. Variables

5.1.1. Dependent Variables

Financial measures are the dependent variables of this study. These variables are:

- **Sales Growth:** Changes in the total sales compared to one year before
- **Earnings before Interest, Taxes:** Changes in the earnings before interest and taxes compared to one year before
- **Net Assets:** Changes in the net assets compared to one year before
- **ROE:** The net profit divided by shareholders equity

5.1.2. Main Independent Variables

KLD index was used in this study. The scoring of KLD involves two main classes, which are; 'social aspects' and 'contentious business issues'. The social aspects relate to the evaluation of social and environmental issues in seven activity lines that influence numerous interest groups of a company. The social aspects also include topics related to environmental protection. KLD scores the performance of companies in social, environmental and governance terms through employing a patented context of negative and positive signs, indicating probable weaknesses and strengths. There are seven main qualitative aspects that the companies are scored by, which are;

- **Community support:** i.e. abundance of donations; the backing of education programmes / contentious recognition or investment allocation directives.
- **Corporate Governance:** e.g., affirmative corporate culture, resistances in regards with external accounting; taxation issues.
- **Diversity:** manners and advancement of women and minorities, further communal performances / litigations due to favouritism, lack of women in the top management levels.
- **Employee relations:** positive relations concerning unions, cooperation / limited safety measures; decrease of jobs.
- **Environment:** inventive and ecological friendly products, precautions for reducing energy consumption / specific waste issues; generation of gases destructing ozone layer.
- **Human Rights:** for example; employing and developing good relations with inhabitants, positive working conditions and union communications.
- **Product:** product security, quality management, price fixing and cartels.

Each aspect of the KLD Index has been regarded as an individual dummy variable. As an example, in case the company acts in relation with the measurement of KLD Index, “one” as a value is assigned to the variable; if it does not, then “zero” value is assigned to the variable.

CHAPTER VI

ANALYSIS AND DISCUSSION

6.1. Descriptive Statistics

6.1.1. CSR Involvement of the Companies

The results reveal that Turkish corporations heavily focus on the corporate governance, employee relations, environment and diversity issues. Product, community support and human rights dimensions of CSR follow them respectively (Figure 4).

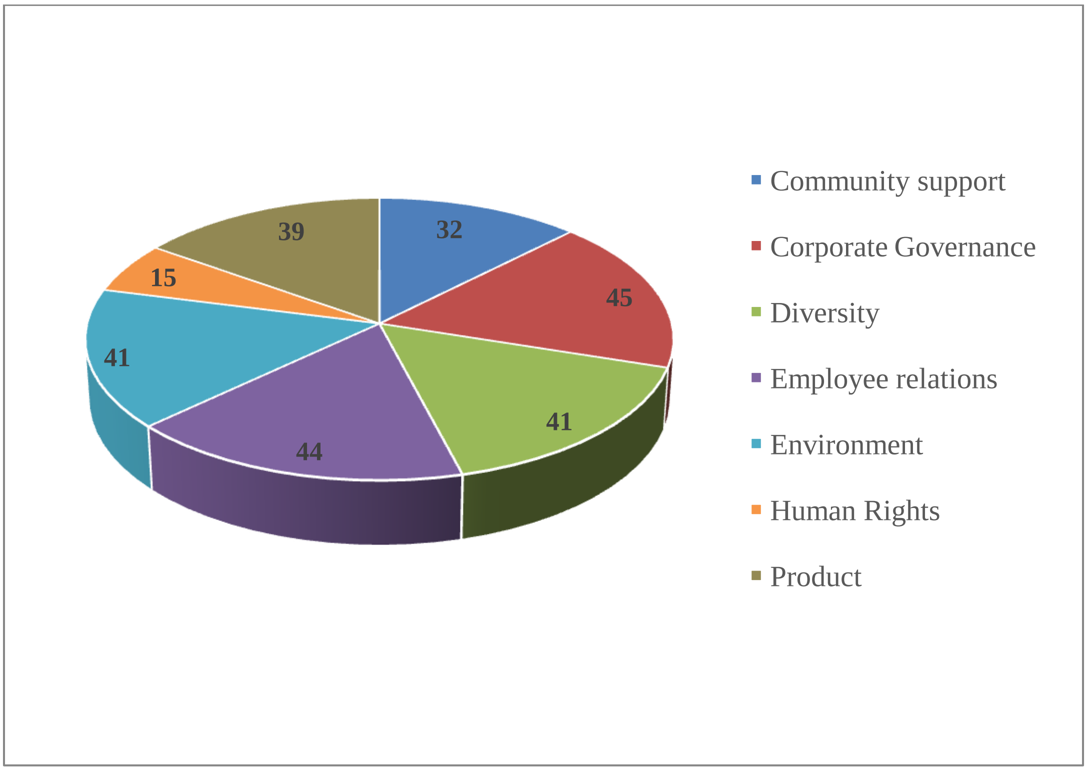

Figure 4: CSR Involvement of the Companies

6.1.2. CSR Dimensions According to Industries

In this part, cross-tabulation analysis was conducted in order to understand whether there exists any difference in terms of CSR initiatives, between the companies that are operating in different industries. Findings are summarized below and the related results for this analysis are presented as Appendix B.

Community support: Findings indicate that regardless of the industries that the companies operate, many companies are involved in community support activities. However, interestingly, companies operating in industries such as agricultural, pharmaceutical, information technologies, foreign trade and chemicals do not involve in community support activities.

Corporate Governance: Findings indicate that all companies in all industries except the ones operating in information technologies industry involve in corporate governance practices.

Diversity: Findings indicate that except the companies operating in pharmaceutical, foreign trade and chemicals industries, many companies regardless of their industries involve in diversity related CSR activities.

Employee Relations: Findings indicate that regardless of the industries that the companies operate, all companies involve in employee relations related CSR activities. However, companies that are operating in agricultural and foreign trade industries do not involve in employee relations related CSR activities.

Environment: Findings indicate that except the companies which are operating in agricultural, pharmaceutical, information technologies and foreign trade industries, all companies involve in environmental related CSR activities. In addition, only 50% of the companies which are operating in transportation industry involve in environmental related CSR activities.

Human Rights: Findings indicate that except the companies operating in beverage, telecommunications and health industries, many companies do not consider the human rights related CSR issues.

Product: Findings indicate that except the companies which are operating in transportation, pharmaceutical and foreign trade industries, many companies are involved in product related CSR activities.

6.2. Co-linearity Identification

The aim of the analysis in this part is to find any existing relationship among the independent variables. This analysis is rather important because the existence of significant relationship between the independent variables may affect the accuracy of the regression analysis results. Therefore, at this point correlation analysis is conducted to identify the relationships between the independent variables.

6.2.1. KLD Index Variables / Independent Variables

Values over 0.5 are considered as there is a significant relation between the independent variables. In this sense, there is a significant positive relationship between the diversity and community support; environment and employee relations; product and diversity variables (Table 3). Considering these results, it is better to analyse each and every independent variable separately in order to achieve more accurate results.

Table 3: Co-linearity between KLD Index Variables and Independent Variables

	Community support	*Corporate Governance*	*Diversity*	*Employee relations*	*Environment*	*Human Rights*	*Product*
Community support	1						
Corporate Governance	0.225374468	1					
Diversity	**0.527963677**	-0.052057921	1				
Employee relations	0.322329186	-0.031782086	0.268030511	1			
Environment	0.37617412	0.426874949	0.326829268	**0.610513941**	1		
Human Rights	0.25853332	0.103695169	0.242916971	0.148304197	0.242916971	1	
Product	0.377444934	-0.063155396	**0.629836775**	0.20645591	0.435390522	0.2947009	1

6.3. Analysis of the Effect of CSR Performance on Financial Results

6.3.1. Effect of Community Support on Financial Performance

6.3.1.1. Community Support – Sales Growth

Regression analysis was conducted for the relation between community support and sales growth of companies. The results of the regression analysis indicate that "Community Support" (0.9961155, *p* > .05) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 4.

Table 4: Community Support - Sales Growth

Regression Statistics	
Multiple R	0.00073813
R Square	0.000000545
Adjusted R Square	-0.0227267
Standard Error	0.13353455
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.00000043	0.00000043	0.00002397	0.996116
Residual	44	0.7845849	0.017831476		
Total	45	0.7845854			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.11321861	0.0356886	3.1724018	0.0027557	0.04129	0.18514	0.04129	0.18514
Community support	-0.0002095	0.0427891	-0.0048962	0.9961155	-0.0864	0.08602	-0.0864	0.08602

6.3.1.2. Community Support – ROE

Regression analysis was conducted for the relation between community support and ROE of companies. The results of the regression analysis indicate that "Community Support" (0.8090798, *p* > .05) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 5.

Table 5: Community Support – ROE

Regression Statistics	
Multiple R	0.03662
R Square	0.001341
Adjusted R Square	-0.02136
Standard Error	0.125844
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.000936	0.000936	0.059084	0.80908
Residual	44	0.696812	0.015837		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.163364	0.033633	4.857242	0.00001543	0.095581	0.231147	0.095581	0.231147
Community support	0.009802	0.040325	0.243071	0.8090798	-0.07147	0.091071	-0.07147	0.091071

6.3.1.3. Community Support – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between community support and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that "Community Support" (0.429988, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression analysis are presented in Table 6.

Table 6: Community Support - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.119228
R Square	0.014215
Adjusted R Square	-0.00819
Standard Error	15.14064
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	145.4515	145.4515	0.634497	0.429988
Residual	44	10086.52	229.239		
Total	45	10231.97			

(Table 6 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.550152	4.046506	0.135957	0.892475	-7.60505	8.70535	-7.60505	8.70535
Community support	-3.86455	4.851591	-0.79655	0.429988	-13.6423	5.913188	-13.6423	5.913188

6.3.1.4. Community Support – Net Assets Growth

Regression analysis was conducted for the relation between community support and net assets growth of companies. The results of the regression analysis indicate "Community Support" (0.697218, $p > .05$) does not have an influence on the net assets growth of the companies. The results of the regression analysis are presented in Table 7.

Table 7: Community Support - Net Assets Growth

Regression Statistics	
Multiple R	0.058939
R Square	0.003474
Adjusted R Square	-0.01917
Standard Error	0.286356
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.012577	0.012577	0.153378	0.697218
Residual	44	3.607987	0.082		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.1274	0.076532	1.664664	0.103086	-0.02684	0.28164	-0.02684	0.28164
Community support	0.035936	0.091758	0.391636	0.697218	-0.14899	0.220863	-0.14899	0.220863

6.3.2. Corporate Governance

6.3.2.1. Corporate Governance – Sales Growth

Regression analysis was conducted for the relation between corporate governance and sales growth of companies. The results of the regression analysis indicate that "Corporate Governance" (0.170671, $p > .05$) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 8.

Table 8: Corporate Governance - Sales Growth

Regression Statistics	
Multiple R	0.205495
R Square	0.042228
Adjusted R Square	0.020461
Standard Error	0.130685
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.033132	0.033132	1.939957	0.170671
Residual	44	0.751454	0.017078		
Total	45	0.784585			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-0.06696	0.130685	-0.51237	0.610957	-0.33034	0.196419	-0.33034	0.196419
Corporate Governance	0.184032	0.132129	1.392824	0.170671	-0.08226	0.45032	-0.08226	0.45032

6.3.2.2. Corporate Governance – ROE

Regression analysis was conducted for the relation between corporate governance and ROE of companies. The results of the regression analysis indicate that "Corporate Governance" (0.684374, $p > .05$) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 9.

Table 9: Corporate Governance – ROE

Regression Statistics	
Multiple R	0.061573
R Square	0.003791
Adjusted R Square	-0.01885
Standard Error	0.125689
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.002645	0.002645	0.167449	0.684374
Residual	44	0.695102	0.015798		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.119312	0.125689	0.949265	0.347671	-0.134	0.372622	-0.134	0.372622
Corporate Governance	0.052001	0.127078	0.409205	0.684374	-0.20411	0.30811	-0.20411	0.30811

6.3.2.3. Corporate Governance – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between corporate governance and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that "Corporate Governance" (0.903503, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression are presented in Table 10.

Table 10: Corporate Governance **-** Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.01838
R Square	0.000338
Adjusted R Square	-0.02238
Standard Error	15.24684
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	3.456522	3.456522	0.014869	0.903503
Residual	44	10228.51	232.4662		
Total	45	10231.97			

(Table 10 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-0.29938	15.24684	-0.01964	0.984423	-31.0274	30.42861	-31.0274	30.42861
Corporate Governance	-1.87972	15.41532	-0.12194	0.903503	-32.9473	29.18782	-32.9473	29.18782

6.3.2.4. Corporate Governance – Net Assets Growth

Regression analysis was conducted for the relation between corporate governance and net assets growth of companies. The results of the regression analysis indicate that “Corporate Governance” (0.611667, $p > .05$) does not have an influence on the net assets growth of the companies. The results of the regression analysis are presented in Table 11.

Table 11: Corporate Governance - Net Assets Growth

Regression Statistics	
Multiple R	0.07686
R Square	0.005907
Adjusted R Square	-0.01669
Standard Error	0.286006
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.021388	0.021388	0.261472	0.611667
Residual	44	3.599175	0.081799		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.00775	0.286006	0.027097	0.978505	-0.5686	0.584157	-0.5686	0.584157
Corporate Governance	0.147863	0.289166	0.511343	0.611667	-0.4349	0.73064	-0.4349	0.73064

6.3.3. Diversity

6.3.3.1. Diversity – Sales Growth

Regression analysis was conducted for the relation between diversity and sales growth of companies. The results of the regression analysis indicate that "Diversity" (0.500014, $p > .05$) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 12.

Table 12: Diversity - Sales Growth

Regression Statistics	
Multiple R	0.101992
R Square	0.010402
Adjusted R Square	-0.01209
Standard Error	0.132838
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.008162	0.008162	0.462514	0.500014
Residual	44	0.776424	0.017646		
Total	45	0.784585			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.151216	0.059407	2.54541 7	0.014495	0.031489	0.270943	0.031489	0.270943
Diversity	-0.04279	0.062925	-0.68008	0.500014	-0.16961	0.084023	-0.16961	0.084023

6.3.3.2. Diversity – ROE

Regression analysis was conducted for the relation between diversity and ROE of companies. The results of the regression analysis indicate that "Diversity" (0.1358198, $p > .05$) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 13.

Table 13: Diversity – ROE

Regression Statistics	
Multiple R	0.223273
R Square	0.049851
Adjusted R Square	0.028257
Standard Error	0.122749
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.034783	0.034783	2.308526	0.13582
Residual	44	0.662964	0.015067		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.248926	0.054895	4.53458	0.00004408	0.138292	0.35956	0.138292	0.35956
Diversity	-0.08835	0.058146	-1.51938	0.1358198	-0.20553	0.02884	-0.20553	0.02884

6.3.3.3. Diversity – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between diversity and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that "Diversity" (0.686271, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression analysis are presented in Table 14.

Table 14: Diversity - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.061183
R Square	0.003743
Adjusted R Square	-0.0189
Standard Error	15.22085
Observations	46

ANOVA

	Df	*SS*	*MS*	*F*	*Significance F*
Regression	1	38.30166	38.30166	0.165326	0.686271
Residual	44	10193.67	231.6742		
Total	45	10231.97			

(Table 14 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.474753	6.80697	0.069745	0.944712	-13.2438	14.1933	-13.2438	14.1933
Diversity	-2.93164	7.210093	-0.4066	0.686271	-17.4626	11.59935	-17.4626	11.59935

6.3.3.4. Diversity – Net Assets Growth

Regression analysis was conducted for the relation between diversity and net assets growth of companies. The results of the regression analysis indicate that "Diversity" (0.627932, $p > .05$) does not have an influence on the net assets growth of the companies. The results of the regression analysis are presented in Table 15.

Table 15: Diversity - Net Assets Growth

Regression Statistics	
Multiple R	0.073379
R Square	0.005384
Adjusted R Square	-0.01722
Standard Error	0.286081
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.019495	0.019495	0.2382	0.627932
Residual	44	3.601069	0.081842		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.211349	0.127939	1.651948	0.105665	-0.0465	0.469194	-0.0465	0.469194
Diversity	-0.06614	0.135516	-0.48806	0.627932	-0.33925	0.206975	-0.33925	0.206975

6.3.4. Employee Relations

6.3.4.1. Employee Relations – Sales Growth

Regression analysis was conducted for the relation between employee relations and sales growth of companies. The results of the regression analysis indicate that “Employee Relations” (0.438195, *p* > .05) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 16.

Table 16: Employee Relations - Sales Growth

Regression Statistics	
Multiple R	0.117133
R Square	0.01372
Adjusted R Square	-0.0087
Standard Error	0.132615
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.010765	0.010765	0.612082	0.438195
Residual	44	0.773821	0.017587		
Total	45	0.784585			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.041321	0.093773	0.440652	0.661622	-0.14767	0.230309	-0.14767	0.230309
Employee relations	0.075013	0.095881	0.782356	0.438195	-0.11822	0.268248	-0.11822	0.268248

6.3.4.2. Employee Relations – ROE

Regression analysis was conducted for the relation between employee relations and ROE of companies. The results of the regression analysis indicate that “Employee Relations” (0.056433, *p* > .05) have a moderate influence on the ROE of the companies. This means that companies’ social responsibility projects which are related to employee relations do have an impact on their sales growths.

However, this result can only explain 8% of the research sample as indicated by R^2. The results of the regression analysis are presented in Table 17.

Table 17: Employee Relations – ROE

Regression Statistics	
Multiple R	0.283276
R Square	0.080245
Adjusted R Square	0.059342
Standard Error	0.12077
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.055991	0.055991	3.838851	0.056433
Residual	44	0.641756	0.014585		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.333824	0.085397	3.909071	0.000316	0.161717	0.505931	0.161717	0.505931
Employee relations	0.17108	0.087317	1.9593	0.056433	0.34705	0.004896	0.34705	0.004896

6.3.4.3. Employee Relations – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between employee relations and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that “Employee Relations” (0.758967, $p > .05$) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 18.

Table 18: Employee Relations - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.046496
R Square	0.002162
Adjusted R Square	-0.02052
Standard Error	15.23292
Observations	46

(Table 18 continues)

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	22.12014	22.12014	0.095328	0.758967
Residual	44	10209.85	232.042		
Total	45	10231.97			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.114337	10.7713	0.103454	0.918073	-20.5938	22.82247	-20.5938	22.82247
Employee relations	-3.40041	11.01339	-0.30875	0.758967	-25.5964	18.79561	-25.5964	18.79561

6.3.4.4. Employee Relations – Net Assets Growth

Regression analysis was conducted for the relation between employee relations and net assets growth of companies. The results of the regression analysis indicate that "Employee Relations" (0.631339, $p > .05$) does not have an influence on the net asset growth of the companies. The results of the regression analysis are presented in Table 19.

Table 19: Employee Relations - Net Assets Growth

Regression Statistics	
Multiple R	0.072655
R Square	0.005279
Adjusted R Square	-0.01733
Standard Error	0.286096
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.019112	0.019112	0.233497	0.631339
Residual	44	3.601452	0.081851		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.056793	0.202301	0.280733	0.780231	-0.35092	0.464503	-0.35092	0.464503
Employee relations	0.099952	0.206847	0.483216	0.631339	-0.31692	0.516825	-0.31692	0.516825

6.3.5. Environment

6.3.5.1. Environment – Sales Growth

Regression analysis was conducted for the relation between environment and sales growth of companies. The results of the regression analysis indicate that "Environment" (0.303404, p > .05) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 20.

Table 20: Environment - Sales Growth

Regression Statistics	
Multiple R	0.155089
R Square	0.024053
Adjusted R Square	0.001872
Standard Error	0.131919
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.018871	0.018871	1.084398	0.303404
Residual	44	0.765714	0.017403		
Total	45	0.784585			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.055073	0.058996	0.9335	0.355656	-0.0638	0.173971	-0.0638	0.173971
Environment	0.065073	0.06249	1.041344	0.303404	-0.0608	0.191013	-0.0608	0.191013

6.3.5.2. Environment – ROE

Regression analysis was conducted for the relation between environment and ROE of companies. The results of the regression analysis indicate that "Environment" (0.1022517, p > .05) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 21.

Table 21: Environment – ROE

Regression Statistics	
Multiple R	0.243983
R Square	0.059528
Adjusted R Square	0.038153
Standard Error	0.122123
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.041535	0.041535	2.78501	0.102252
Residual	44	0.656212	0.014914		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.25623	0.054615	4.691584	0.00002651	0.146161	0.366299	0.146161	0.366299
Environment	-0.09654	0.057849	-1.66883	0.1022517	-0.21313	0.020047	-0.21313	0.020047

6.3.5.3. Environment – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between environment and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that “Environment” (0.985726, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression analysis are presented in Table 22.

Table 22: Environment - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.0027126
R Square	0.00000736
Adjusted R Square	-0.0227197
Standard Error	15.249361
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.075287	0.075287	0.000324	0.985726
Residual	44	10231.89	232.543		
Total	45	10231.97			

(Table 22 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-2.2540788	6.819721	-0.33052	0.742573	-15.998	11.49017	-15.998	11.49017
Environment	0.1299754	7.223599	0.017993	0.985726	-14.428	14.68818	-14.428	14.68818

6.3.5.4. Environment – Net Assets Growth

Regression analysis was conducted for the relation between environment and net assets growth of companies. The results of the regression analysis indicate that "Environment" (0.758712, $p > .05$) does not have an influence on the net assets growth of the companies. The results of the regression analysis are presented in Table 23.

Table 23: Environment - Net Assets Growth

Regression Statistics	
Multiple R	0.046546
R Square	0.002167
Adjusted R Square	-0.02051
Standard Error	0.286544
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.007844	0.007844	0.095536	0.758712
Residual	44	3.612719	0.082107		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.189793	0.128146	1.481064	0.145716	-0.0684	0.448054	-0.0684	0.448054
Environment	-0.04195	0.135735	-0.30909	0.758712	-0.3155	0.231602	-0.3155	0.231602

6.3.6. Human Rights

6.3.6.1. Human Rights – Sales Growth

Regression analysis was conducted for the relation between human rights and sales growth of companies. The results of the regression analysis indicate that "Human Rights" (0.9919646, $p > .05$) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 24.

Table 24: Human Rights - Sales Growth

Regression Statistics	
Multiple R	0.0015269
R Square	0.00000233
Adjusted R Square	-0.0227249
Standard Error	0.1335344
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.00000183	0.00000183	0.000103	0.991965
Residual	44	0.784583544	0.017831444		
Total	45	0.784585373			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.1132116	0.023983	4.72039615	0.0000241	0.064876	0.161547	0.064876	0.161547
Human Rights	-0.0004254	0.041999	-0.0101284	0.9919646	-0.08507	0.084219	-0.08507	0.084219

6.3.6.2. Human Rights – ROE

Regression analysis was conducted for the relation between human rights and ROE of companies. The results of the regression analysis indicate that "Human Rights" (0.1391746, $p > .05$) does not have an influence on the ROE of the companies. The results of the regression analysis are presented in Table 25.

Table 25: Human Rights – ROE

Regression Statistics	
Multiple R	0.221425
R Square	0.049029
Adjusted R Square	0.027416
Standard Error	0.122802
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.03421	0.03421	2.26849	0.139175
Residual	44	0.663538	0.01508		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.151213	0.022056	6.855894	0.00000002	0.106762	0.195664	0.106762	0.195664
Human Rights	0.058174	0.038624	1.506151	0.1391746	-0.01967	0.136016	-0.01967	0.136016

6.3.6.3. Human Rights – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between human rights and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that "Human Rights" (0.160649, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression analysis are presented in Table 26.

Table 26: Human Rights - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.210311
R Square	0.044231
Adjusted R Square	0.022509
Standard Error	14.90836
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	452.5683	452.5683	2.03622	0.160649
Residual	44	9779.399	222.2591		
Total	45	10231.97			

(Table 26 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.043634	2.67762	0.016296	0.987072	-5.35275	5.440022	-5.35275	5.440022
Human Rights	-6.69105	4.689021	-1.42696	0.160649	-16.1412	2.759048	-16.1412	2.759048

6.3.6.4. Human Rights – Net Assets Growth

Regression analysis was conducted for the relation between human rights and net assets growth of companies. The results of the regression analysis indicate that "Human Rights" (0.0441, $p < .05$) have a significant and positive influence on the net asset growth of the companies. This means that companies' social responsibility projects which are related to human rights can positively affect the net assets growth ($R^2 = 8{,}9\%$). The results of the regression analysis are presented in Table 27.

Table 27: Human Rights - Net Assets Growth

Regression Statistics	
Multiple R	0.298236
R Square	0.088945
Adjusted R Square	0.068239
Standard Error	0.2738
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.32203	0.32203	4.295639	0.0441
Residual	44	3.298534	0.074967		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.094197	0.049176	1.915511	0.06194	-0.00491	0.193305	-0.00491	0.193305
Human Rights	0.178484	0.086117	2.072592	0.0441	0.004928	0.352041	0.004928	0.352041

6.3.7. Product

6.3.7.1. Product – Sales Growth

Regression analysis was conducted for the relation between product and sales growth of companies. The results of the regression analysis indicate that "Product" (0.469195, $p > .05$) does not have an influence on the sales growth of the companies. The results of the regression analysis are presented in Table 28.

Table 28: Product - Sales Growth

Regression Statistics	
Multiple R	0.109407
R Square	0.01197
Adjusted R Square	-0.01049
Standard Error	0.132733
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.009391	0.009391	0.533054	0.469195
Residual	44	0.775194	0.017618		
Total	45	0.784585			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.146799	0.050168	2.926131	0.005412	0.045691	0.247907	0.045691	0.247907
Product	-0.03978	0.054485	-0.73011	0.469195	-0.14959	0.070027	-0.14959	0.070027

6.3.7.2. Product – ROE

Regression analysis was conducted for the relation between product and ROE of companies. The results of the regression analysis indicate that "Product" (0.054262, $p > .05$) have a moderate influence on the ROE of the companies. This means that companies' social responsibility projects which are related to product development do have an impact on their ROE, however this effect is negative. This result can only explain 8% of the research sample as indicated by R^2. The results of the regression analysis are presented in Table 29.

Table 29: Product – ROE

Regression Statistics	
Multiple R	0.285704
R Square	0.081627
Adjusted R Square	0.060754
Standard Error	0.120679
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.056955	0.056955	3.910792	0.054262
Residual	44	0.640793	0.014563		
Total	45	0.697747			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.253239	0.045612	5.551961	0.00000153	0.161313	0.345164	0.161313	0.345164
Product	-0.09796	0.049537	-1.97757	0.054262	-0.1978	0.001872	-0.1978	0.001872

6.3.7.3. Product – Growth of Earnings before Interest and Tax

Regression analysis was conducted for the relation between product and growth of earnings before interest and tax of companies. The results of the regression analysis indicate that “Product” (0.739848, $p > .05$) does not have an influence on the growth of earnings before interest and tax. The results of the regression analysis are presented in Table 30.

Table 30: Product - Growth of Earnings before Interest and Tax

Regression Statistics	
Multiple R	0.050312
R Square	0.002531
Adjusted R Square	-0.02014
Standard Error	15.2301
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	25.90056	25.90056	0.111662	0.739848
Residual	44	10206.07	231.9561		
Total	45	10231.97			

(Table 30 continues)

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-0.36707	5.756438	-0.06377	0.949445	-11.9684	11.23427	-11.9684	11.23427
Product	-2.08907	6.251733	-0.33416	0.739848	-14.6886	10.51047	-14.6886	10.51047

6.3.7.4. Product – Net Assets Growth

Regression analysis was conducted for the relation between product and net assets growth of companies. The results of the regression analysis indicate that "Product" (0.377799, $p > .05$) does not have an influence on the net assets growth of the companies. The results of the regression analysis are presented in Table 31.

Table 31: Product - Net Assets Growth

Regression Statistics	
Multiple R	0.133121
R Square	0.017721
Adjusted R Square	-0.0046
Standard Error	0.284301
Observations	46

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.064161	0.064161	0.793802	0.377799
Residual	44	3.556403	0.080827		
Total	45	3.620564			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.240552	0.107456	2.238614	0.030289	0.023989	0.457115	0.023989	0.457115
Product	-0.10398	0.116702	-0.89096	0.377799	-0.33917	0.131221	-0.33917	0.131221

6.4. Discussion

Mainly two kinds of pragmatic studies on the correlation between CSR and financial performance are present. The first kind of studies make use of case studies and evaluates the financial effects in the short term (abnormal returns) in case the company gets involved with socially responsible or socially irresponsible CSR (Posnikoff, 1997; Teoh, Welch and Wazzan, 1999; Wright and Ferris, 1997). These studies have provided mixed outcomes. As an instance, while Wright and Ferris (1997) discovered a negative correlation, Posnikoff (1997) reached positive correlation and Teoh et al. (1999) did not discover any correlation between these variables in their research.

The second kind of studies analyse the characteristics of the correlation between measures of CSR, called CSP, and calculate the company performance in the long term through employing financial and accounting ratios of profitability (i.e. Aupperle, Carroll, and Hatfield, 1985; McGuire, Sundgren and Schneeweis, 1988; and Waddock and Graves, 1997). These studies have also resulted in mixed outcomes. While Aupperle et al. (1985) discovered no correlation between profitability and CSP, McGuire et al. (1988) identified that the previous performance was more linked to CSP when compared to following performance whereas Waddock and Graves (1997) determined significant positive relationship between a directory of CSP and performance ratios like ROA in the subsequent year. When the characteristics of the models which constitute the foundation for the empirical forecasting, the varying outcomes concerning the correlation between these variables of CSP and long term corporate performance are not unanticipated outcomes.

This study also focused on the short term performances of the companies. In this manner, it was found that to some extent, CSR practices of the companies have an influence on their financial performance. Therefore, the results are consistent with the findings of Posnikoff (1997) who reached a positive correlation between CSR and CFP.

On the contrary, only one of the results is consistent with the findings of Wright and Ferris (1997) since they found a negative relationship between CSR and CFP, besides most of the findings are consistent with Teoh et al. (1999) study since they found no relationship between CSR and CFP. Summary of the findings is presented in Table 32.

Table 32: Research Results

	Sales Growth	**ROE**	**Growth of Earning before Interest and Tax**	**Net Assets Growth**
Community Support	No significant influence	No significant influence	No significant influence	No significant influence
Corporate Governance	No significant influence	No significant influence	No significant influence	No significant influence
Diversity	No significant influence	No significant influence	No significant influence	No significant influence
Employee Relations	No significant influence	**Moderate positive influence**	No significant influence	No significant influence
Environment	No significant influence	No significant influence	No significant influence	No significant influence
Human Rights	No significant influence	No significant influence	No significant influence	**Significant positive influence**
Product	No significant influence	**Moderate negative influence**	No significant influence	No significant influence

According to the findings, if companies involve in human rights related CSR activities, their growth in net assets will increase. However, when ROE is considered, the results indicate that CSR activities related with employee relations have a moderate effect, and CSR activities related with product development have a moderate negative effect. Nevertheless, it was also found out that environment, diversity, community support and corporate governance related CSR practices do not have an influence on the financial performance of the companies.

According to the study of Orlitzky et al. (2003), the CSP measured on the corporate social investment significantly increases the financial performance of companies. Nevertheless, the results of this study not exactly confirm the results of Orlitzky et al. (2003). Since community support and diversity dimension of CSR are found as not influencing the financial performance whereas supporting human rights is found as influential on the CFP.

In another empirical work, Derwall et al. (2005) have investigated the eco-efficiency scores and the effects of those scores on the financial performance of the randomly chosen US companies. To put it in other words, only the environmental dimension of the CSP is taken into consideration. Based on the findings of their empirical work, the companies that have generated higher scores have also generated higher financial returns as well. Nevertheless, in this study, it was found that investing in environment do not affect the financial performances of the companies.

Becker and Huselid (1998) have focused on the employment rights dimension of CSP. In this respect, they have investigated the relation between human resources (HR) management and financial performance of companies listed within the multinational companies of the US. The results have demonstrated that a well-functioning HR management also increases the financial performance of the company significantly. In a similar work, Gompers et al. (2003) and Bauer et al. (2004) have all investigated the separate effect of the corporate governance on the corporate financial performance. In their works, they have generated specific indices for the measurement of the corporate governance performance of companies. They have found out positive and significant relation between corporate governance and the financial performance. In this study, Becker and Huselid (1998)'s results were confirmed since there is a significant relationship between employee rights dimension of the CSR and CFP. On the contrary, corporate governance dimension of CSR was not found as effective on the CFP. Therefore, findings are not supporting the findings of Gompers et al. (2003) and Bauer et al. (2004) who have found out positive and significant relation between corporate governance and the financial performance.

As a result, it can be said that internal CSR investments of the companies are mostly positively affecting CSF compared to externally oriented CSR initiatives. In fact, ROE of the companies are affected by the product developments and employee relations and net asset growth of the companies are affected by the human rights related CSR activities. Despite the fact that human rights issues seems like externally oriented CSR activities, it is believed that it is also related to employee relations perspective.

CONCLUSION

The globalization of markets, acceptance of the liberal principles by the national economies and moreover the introduction of the cheaper and easily accessible information technologies have all influenced today's business world intensely. The governments, the society, consumers and all the other stakeholders have been much more important for any corporation in the world. In the past, the management of corporations had been only responsible for the shareholders but today the management is not only liable to the shareholders but also stakeholders as well. Especially, the increase in the importance of transparency within the organizations has forced the management to be more careful about the social outcomes of their actions. Indeed, this has not been enough for the public anymore and the world expects more from the corporations. In this sense, the corporations are expected to show responsible behaviour about the social issues and concerns regarding the market and society they live in.

This study shows that there is an increasing trend in the expectations of the public about the social attitude and responsiveness of the corporations. In other words, the world does not see the business environment as an only place of financial gain-generation. Indeed, every corporation is started being regarded as social entities independent of their shareholders. However, based on the findings of this study and previous literature, the corporations have not figured out the importance of social responsibilities and responsiveness on their own. But the society has started punishing the socially irresponsible corporations and rewarding the socially responsible corporations. Especially, the legal system and institutionalization of markets and economies have been highly influential on this. Once the government has regulated the social attitude and ethical behaviour of corporations, they have been also more careful about the social outcomes of their actions and operations.

More recently, most of the corporations have been more active rather than passive about the social concerns. They have not only prevented socially undesirable outcomes of their actions such as environmental pollution or violation of consumer and employee rights but they have also involved in projects of how to decrease waste and pollution, how to improve consumer and employee rights as well. Indeed, they have actually invested in those social projects. On the other hand, in the literature there have been various debates about the financial concerns related to those social responsibility projects. Ultimately, all those socially responsible corporations are financially oriented organizations and therefore they are mostly responsible to their shareholders. But all those social projects mean an increase in costs and decrease in the profitability of the corporations. In this sense, it is expected that the social projects also result in increase in the profitability of the corporation through the increase in market share, improvements in consumer satisfaction and recruitment of more skilful workforce. Eventually, all those indirect positive effects of social projects are believed to generate stronger financial outlook for those socially responsible corporations.

Henceforth, the business and management literature has heavily focused on how to measure the corporate social performance in order to be able to measure the significance and degree of social performance on the financial performance. The studies about the US and other developed economies have generated contradicting results. Indeed, the literature still tries to generate a better and more reliable measurement methodology of the corporate social performance. But the mostly preferred methodologies are generally based on the perceptions, although perceptions about social performance are preferred to the actual performance. However, the perceptions result in more biased results about social performance. In this sense, the literature has focused on perceptions but based on many and various dimensions of corporate social performance.

What is more, this study has concluded that the literature about the social performance is more focused on the cases in the developed economies such as the US and the EU, but there is still no proper development of social performance indices in the developing economies. Indeed, the developing economies are found out as more behind the developed economies regarding the social concerns and issues in the markets and economy. For the case of Turkey, the literature about the CSP is highly new and most of the studies have focused on how to figure out the relation between CSP and CFP but none of those studies have actually focused on how to initially measure the CSP in a more efficient way. Therefore, the results have not yet generated reliability.

In this respect, in this study a multidimensional approach to the measurement of social performance is followed such that dummy variable regression analysis is conducted for the most successful and reputable corporations of Turkey for the period of 2012. The results have indicated that only employee relations, human rights and product related CSR activities of the companies have significant effect on the financial performance of the Turkish corporations. The main reason of the limitation for these results might be totally due to the lack of the proper index-based measurement of social performance by an independent agency or association in Turkey. This data problem also makes the analyses hard to carry out but also unreliable. In addition the sample size for this study is also limited with 46 companies, with a larger sample size; the findings may provide more accurate results.

Apart from the data problem, in this study, it is assumed that the reason of the regression results might be due to the improper communication of the social projects carried out by Turkish corporations. Once the public is unaware of those social initiatives, the consumers, employees and the public cannot revise their attitude and behaviour for those corporations.

More importantly, it could be asserted that in Turkey even the largest corporations are still regarded to be behind the image of their founders or owners. This means the corporations are still family companies and the companies are not regarded as social entities independent from their owners and founders. Therefore, the social projects are not referred to the corporations but they are referred to the owners and founders of those companies.

To sum up, in this study, it is generally found out that there is still much to do about the social responsibilities, attitude and most importantly social performance of the corporations in the world and much more to do about the situation in Turkey.

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APPENDICES

Appendix A - List of the Companies Included in the Research

Company Name	Industry
TÜRKİYE PETROL RAFİNERİLERİ A.Ş.	Oil
OMV PETROL OFİSİ A.Ş.	Oil
TÜRK HAVA YOLLARI A.O.	Transportation
TÜRK TELEKOMÜNİKASYON A.Ş.	Telecommunications
ARÇELİK A.Ş.	Manufacturing
TURKCELL İLETİŞİM HİZMETLERİ A.Ş.	Telecommunications
BİM BİRLEŞİK MAĞAZALAR A.Ş.	Retail
FORD OTOMOTİV SANAYİ A.Ş.	Automotive
EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.	Iron Steel
VESTEL ELEKTRONİK SAN. VE TİC. A.Ş.	Manufacturing
TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.	Automotive
MİGROS TİC. A.Ş.	Retail
ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş.	Beverage
AYGAZ A.Ş.	Energy
DOĞUŞ OTOMOTİV SERVİS VE TİC. A.Ş.	Automotive
SELÇUK ECZA DEPOSU TİC. VE SAN. A.Ş.	Pharmaceutical
PETKİM PETROKİMYA HOLDİNG A.Ş.	Petrochemical
COCA-COLA İÇECEK A.Ş.	Beverage
İSTANBUL GAZ DAĞITIM SAN. VE TİC. A.Ş.	Energy
BSH EV ALETLERİ SAN. VE TİC. A.Ş.	Manufacturing
CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.	Retail
TEKFEN İNŞAAT VE TESİSAT A.Ş.	Construction
TÜRKİYE PETROLLERİ A.O.	Oil
SARKUYSAN ELEKTROLİTİK BAKIR SAN. VE TİC. A.Ş.	Manufacturing
ÜLKER BİSKÜVİ SANAYİ TİC. A.Ş.	Food
TEKNOSA İÇ VE DIŞ TİC. A.Ş.	Retail
GÜBRE FABRİKALARI T.A.Ş.	Agricultural
TÜRK TRAKTÖR ZİRAAT MAKİNELERİ A.Ş.	Automotive
BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.	Retail
PEGASUS HAVA TAŞIMACILIĞI A.Ş.	Transportation
AKSA ENERJİ ÜRETİM A.Ş.	Energy
KARDEMİR KARABÜK DEMİR ÇELİK SAN. VE TİC. A.Ş.	Iron Steel
ASELSAN ELEKTRONİK SAN. VE TİC. A.Ş.	Electronic

AKSA AKRİLİK KİMYA SANAYİ A.Ş.	Manufacturing
İZMİR DEMİR ÇELİK SANAYİ A.Ş.	Iron Steel
KORDSA GLOBAL ENDST.İPLİK VE KORDBEZİ SAN.TİC.A.Ş.	Manufacturing
ANADOLU CAM SANAYİİ A.Ş.	Manufacturing
BORUSAN MANNESMANN BORU SAN. VE TİC. A.Ş.	Manufacturing
BRİSA BRIDGESTONE SABANCI LASTİK SAN. VE TİC. A.Ş.	Tire Manufacturing
İNDEKS BİLGİSAYAR SİSTEMLERİ MÜH. SAN. VE TİC.A.Ş.	Information Technologies
BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİ A.Ş.	Food
ACIBADEM SAĞLIK HİZMETLERİ VE TİC. A.Ş.	Health
TRAKYA CAM SANAYİİ A.Ş.	Manufacturing
PERGAMON STATUS DIŞ TİC. A.Ş.	Foreign Trade
SODA SANAYİİ A.Ş.	Chemical
GOODYEAR LASTİKLERİ T.A.Ş.	Tire Manufacturing

Appendix B – Cross-Tabulation Tables

Industry / Community Support Dimension

Industry * Community Support Crosstabulation

			Community Support		Total
			0	Yes	
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	4	5	9
		% within Industry	44.4%	55.6%	100.0%
	Retail	Count	1	4	5
		% within Industry	20.0%	80.0%	100.0%
	Automotive	Count	1	3	4
		% within Industry	25.0%	75.0%	100.0%
	Iron Steel	Count	1	2	3
		% within Industry	33.3%	66.7%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	2	1	3
		% within Industry	66.7%	33.3%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
Total		Count	14	32	46
		% within Industry	30.4%	69.6%	100.0%

Industry / Corporate Governance Dimension

Industry * Corporate Governance Crosstabulation

			Corporate Governance		
			0	Yes	Total
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	0	9	9
		% within Industry	.0%	100.0%	100.0%
	Retail	Count	0	5	5
		% within Industry	.0%	100.0%	100.0%
	Automotive	Count	0	4	4
		% within Industry	.0%	100.0%	100.0%
	Iron Steel	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Foreign Trade	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Chemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
Total		Count	1	45	46
		% within Industry	2.2%	97.8%	100.0%

Industry / Diversity Dimension

Industry * Diversity Crosstabulation

			Diversity		Total
			0	Yes	
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	0	9	9
		% within Industry	.0%	100.0%	100.0%
	Retail	Count	1	4	5
		% within Industry	20.0%	80.0%	100.0%
	Automotive	Count	0	4	4
		% within Industry	.0%	100.0%	100.0%
	Iron Steel	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	1	2	3
		% within Industry	33.3%	66.7%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
Total		Count	5	41	46
		% within Industry	10.9%	89.1%	100.0%

Industry / Employee Relations Dimension

Industry * Employee Relations Crosstabulation

			Employee Relations		Total
			0	Yes	
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	0	9	9
		% within Industry	.0%	100.0%	100.0%
	Retail	Count	0	5	5
		% within Industry	.0%	100.0%	100.0%
	Automotive	Count	0	4	4
		% within Industry	.0%	100.0%	100.0%
	Iron Steel	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
Total		Count	2	44	46
		% within Industry	4.3%	95.7%	100.0%

Industry / Environment Dimension

Industry * Environment Crosstabulation

			Environment		Total
			0	Yes	
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	1	1	2
		% within Industry	50.0%	50.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	0	9	9
		% within Industry	.0%	100.0%	100.0%
	Retail	Count	0	5	5
		% within Industry	.0%	100.0%	100.0%
	Automotive	Count	0	4	4
		% within Industry	.0%	100.0%	100.0%
	Iron Steel	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
Total		Count	5	41	46
		% within Industry	10.9%	89.1%	100.0%

Industry / Human Rights Dimension

Industry * Human Rights Crosstabulation

			Human Rights		Total
			0	Yes	
Industry	Oil	Count	3	0	3
		% within Industry	100.0%	.0%	100.0%
	Transportation	Count	2	0	2
		% within Industry	100.0%	.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	6	3	9
		% within Industry	66.7%	33.3%	100.0%
	Retail	Count	4	1	5
		% within Industry	80.0%	20.0%	100.0%
	Automotive	Count	1	3	4
		% within Industry	25.0%	75.0%	100.0%
	Iron Steel	Count	3	0	3
		% within Industry	100.0%	.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	1	2	3
		% within Industry	33.3%	66.7%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Food	Count	2	0	2
		% within Industry	100.0%	.0%	100.0%
	Agricultural	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Electronic	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Pharmaceutical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Petrochemical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Tire Manufacturing	Count	1	1	2
		% within Industry	50.0%	50.0%	100.0%
	Information Technologies	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
Total		Count	31	15	46
		% within Industry	67.4%	32.6%	100.0%

Industry / Product Dimension

Industry * Product Crosstabulation

			Product		Total
			0	Yes	
Industry	Oil	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Transportation	Count	2	0	2
		% within Industry	100.0%	.0%	100.0%
	Telecommunications	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Manufacturing	Count	1	8	9
		% within Industry	11.1%	88.9%	100.0%
	Retail	Count	1	4	5
		% within Industry	20.0%	80.0%	100.0%
	Automotive	Count	0	4	4
		% within Industry	.0%	100.0%	100.0%
	Iron Steel	Count	0	3	3
		% within Industry	.0%	100.0%	100.0%
	Beverage	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Energy	Count	1	2	3
		% within Industry	33.3%	66.7%	100.0%
	Health	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Construction	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Food	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Agricultural	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Electronic	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Pharmaceutical	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Petrochemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Tire Manufacturing	Count	0	2	2
		% within Industry	.0%	100.0%	100.0%
	Information Technologies	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
	Foreign Trade	Count	1	0	1
		% within Industry	100.0%	.0%	100.0%
	Chemical	Count	0	1	1
		% within Industry	.0%	100.0%	100.0%
Total		Count	7	39	46
		% within Industry	15.2%	84.8%	100.0%