NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

AN ANALYSIS OF THE CORPORATE SOCIAL RESPONSIBILITY POLICIES OF TURKISH BANKS.

MBA THESIS

Michelle Elizabeth SELEMANI

Nicosia

January, 2023

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Approval

We certify that we have read the thesis submitted by **MICHELLE SELEMANI** titled **'AN ANALYSIS OF THE CORPORATE SOCIAL RESPONSIBILITY POLICIES OF TURKISH BANKS'** and that in our combined opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Educational Sciences.

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Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

Michelle Selemani

26/01/2023

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MICHELLE SELEMANI

ABSTRACT

An Analysis of the Corporate Social Responsibility Policies of Turkish Banks

Selemani, Michelle

MBA, Department of Business Administration

January, 2023, 90 pages

This study sought to analyse the Corporate Social Responsibility (CSR) policies of the ten largest Turkish banks based on asset size. The banks that were analysed in this study included Akbank, Denizbank, Garanti Bank, Halkbank, QNB Finansbank, Turk Ekonomi Bankasi, Türkiye İş Bankası, Vakifbank, Yapi ve Kredi Bank and Ziraat Bank. The study looked at the annual reports, sustainability reports and CSR reports to get an understanding of how the banks' policy position on CSR issues. The study also examined other bank documents that detailed each bank's CSR approach. The study then analysed these reports and policies against a criteria of six social issues namely, CSR reporting/disclosure, business ethics and product responsibility, labor issues, environment, community issues and corporate governance. The study found that the ten largest banks in Turkey addressed at least half of the aforementioned social issues. In addition to this, the study found that the banks were performing fairly average as collective when it came to CSR disclosure but more needs to be done from a regulatory perspective to increase CSR reporting within the Turkish banking sector. Furthermore, the study found that with the exception of banks on the African continent, the Turkish banking sector was lagging behind in terms of CSR disclosure to peers in regions such at Europe, Asia-Pacific and the Americas.

Keywords: CSR, Reporting, Sustainability, Turkish Banks, SDGs.

ABSTRACT

An Analysis of the Corporate Social Responsibility Policies of Turkish Banks

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Bu çalışma, aktif büyüklüğüne göre en büyük on Türk bankasının Kurumsal Sosyal Sorumluluk (KSS) politikalarını analiz etmeyi amaçlamıştır. Bu çalışmada incelenen bankalar arasında Akbank, Denizbank, Garanti Bankası, Halkbank, QNB Finansbank, Türk Ekonomi Bankası, Türkiye İş Bankası, Vakıfbank, Yapı ve Kredi Bankası ve Ziraat Bankası yer almaktadır. Çalışma, bankaların KSS konularındaki politika pozisyonlarını anlamak için yıllık raporları, sürdürülebilirlik raporlarını ve KSS raporlarını inceledi. Çalışma ayrıca her bir bankanın KSS yaklaşımını detaylandıran diğer banka belgelerini de inceledi. Çalışma daha sonra bu raporları ve politikaları, KSS raporlaması/ifşası, iş etiği ve ürün sorumluluğu, işgücü sorunları, çevre, topluluk sorunları ve kurumsal yönetişim olmak üzere altı sosyal konuya ilişkin bir kritere göre analiz etti. Çalışma, Türkiye'deki en büyük on bankanın yukarıda belirtilen sosyal sorunların en az yarısını ele aldığını ortaya koydu. Buna ek olarak, çalışma, bankaların KSS ifşası söz konusu olduğunda kolektif olarak oldukça ortalama bir performans sergilediğini, ancak Türk bankacılık sektöründe KSS raporlamasını artırmak için düzenleyici bir bakış açısıyla daha fazlasının yapılması gerektiğini ortaya koydu. Ayrıca çalışma, Afrika kıtasındaki bankalar hariç, Türk bankacılık sektörünün Avrupa, Asya-Pasifik ve Amerika gibi bölgelerdeki emsallerine KSS ifşası açısından geride kaldığını ortaya koydu.

Anahtar Kelimeler: KSS, Raporlama, Sürdürülebilirlik, Türk Bankaları, SDG'ler.

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List of Abbreviations

CDP – Carbon Disclosure Project

CSR – Corporate Social Responsibility

GHG – Green House Gas

GRI – Global Reporting Initiative

EY – Ernst and Young

KPI – Key Performance Indicators

IMO - International Maritime Organization

IPO – Initial Public Offering

NGOs – Non-Governmental Organizations

PRBs – Principles on Responsible Banking

PwC – Price Water Coppers

ROA – Return on Assets

ROE – Return on Equity

SDGs – Sustainable Development Goals

SMEs – Small and Middle Enterprises

SRI – Socially Responsible Investment

U.K. – United Kingdom

UN – United Nations

UNIDO - United Nations Industrial Development Organization

CHAPTER I

Introduction

The world is faced with enormous challenges, from the threat of a climate catastrophe, a high number of armed conflicts around the world, the outbreak of diseases, high levels of poverty and an increasing mental health crisis. In light of all this, companies have a responsibility to address the challenges that the world faces right now or at the very least assist governments in addressing these challenges. Companies have an obligation to address the challenges faced by the communities in which they operate and refrain from causing harm during the course of their operations in those communities. Furthermore, companies also have responsibility to collaborate with governments in the achievement of the Sustainable Development Goals (SDGs) or Global Goals.

However, companies did not always have this responsibility but it gradually developed over the years as it became evident that business plays a prominent role in society and in that regard ought to be used as a force for good. This understanding gave birth to the idea that apart from paying taxes and the role they play in economic development, businesses can take an active role in the betterment of society. The advent of this thinking saw companies adopting practices and policies that sought the betterment of society or at the very least attempted to address social challenges of the day. The practices and policies were not solely aimed at the betterment of society but all to balance the interests of shareholders and other stakeholders. These activities gave rise to the implied responsibility that has come to be known as corporate social responsibility.

Corporate Social Responsibility (CSR) entails the practices and policies adopted by companies so that they can have a positive impact on society. Although there is no consensus among scholars on when CSR took root with some stating that CSR had developed by the 1960s (De George, 2011) and others arguing the late 1970s (Madrakhimova, 2013), what is clear is that by the 1980s the concept of CSR had developed and taken a firm root. Scholars have argued that CSR is rooted in a social relationship between the business, employees, the State (Madrakhimova, 2013) and essentially society at large. In this regard, it can be said that CSR is an unwritten or implied social contract between the company and society. There is a view that not only is doing good in society the right thing to do but it also leads a company to do better (Bhattacharya and Sen, 2004; Dunphy et al., 2003; Kotler and Lee, 2005). Scholars have developed four dimensions of CSR namely environmental responsibility, legal/ethical responsibility, philanthropic responsibility and economic responsibility. However, CSR has since moved from an ideological perspective to a practical tool that companies use to contribute to society as well as enhance their image. In addition to this, in recent times CSR has been used as a strategic management tool in which a business seeks to balance the expectations of its shareholders and other stakeholders. As shall be elaborated, later on, this type of CSR can be differentiated from philanthropic and charity activities.

There is a growing understanding of the negative impacts that businesses can have on the people and the environment and in some instances, companies have sought to use CSR as an avenue to mend relationships with adversely affected communities and other stakeholders. However, some scholars have cautioned that CSR cannot be used by companies to whitewash the adverse impacts they have caused on society and that they need to take steps outside CSR to redress an adverse impact caused by company operations. In 2002 the then U.N Secretary General Koffi Annan stated in the report of the UN Secretary-General that “the presence of the big companies, a certain manifesto on corporate social responsibility becomes a prerequisite for any successful corporate communication and public relations strategy” (Madrakhimova, 2013). Additionally, CSR activities have also been used by companies to place their products in front of the consumer and it has been seen as an avenue to communicate the company’s brand to the consumer and other stakeholders. Some businesses have used traditional marketing tools to communicate their CSR practices and policies to stakeholders; however, it has been debated if it is appropriate to do so. Literature shows that the avenue that a company chooses to communicate its CSR practices and policies is essential as the use of traditional marketing tools to communicate CSR policies and practices has given rise to scepticism and cynicism among stakeholders (Lindgreen and Swaen, 2010).

The UN Industrial Development Organization (UNIDO) views CSR as “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders” (UNIDO, 2022). This view is prevalent today, where CSR is not solely viewed as a vehicle by the private sector for the betterment of society but essentially to balance economic, environmental and social imperatives (UNIDO, 2022). Although there is not much literature to support the view that companies have adopted CSR practices and policies to also attain economic imperatives, the phenomenon has come to be known as the ‘Triple-Bottom-Line-Approach’ where a business seeks to address the economic imperatives that shareholders are concerned about with environmental and social imperatives which are the main concerns of other stakeholders (UNIDO, 2022).

However, over the years businesses have often failed to balance both the interests of the shareholder and that of the stakeholder, oftentimes prioritizing the interest of the former to the detriment of the latter. This need to attain economic imperatives, especially for the shareholder has led to adverse impacts on the environment in the case of fossil fuel companies and other companies with huge carbon footprints. Additionally, in the course of doing business and in a bid to cut costs in order to compete and maximize profits in an increasingly competitive world, businesses have also negatively impacted society and at the centre of all this are financial institutions such as banks that provide the lifeline to companies and ultimately economic development.

Statement of Problem

Banks have been financing activities with adverse impacts on the environment and society, for instance, banks have been financing fossil fuel companies that are damaging the environment, or providing finance to companies that are in the business of deforestation. In some instances, banks have been directly financing projects that negatively impact society and the environment. Turkey's second-largest private bank Garanti is said to be financing the country's coal projects (Climate Action Network, 2016) and coal is known to be detrimental to the environment. Furthermore, Turkish banks such as AK Bank and Yapı Kredi also financed coal projects in Turkey (BankTrack, 2022). In addition to this, other banks have been accused of financing companies that are violating human rights through the dispossession of land from local communities. In this regard, banks have been required to desist from financing fossil fuel companies that are seeking to expand their oil fields in order to avert a climate catastrophe (BankTrack, 2021). Also, the UN Guiding Principles on Business and Human Rights (2011) requires banks to commit respect human rights and conduct human rights due diligence in order to make sure that they are not providing finance to projects or companies that violate human rights. Where banks do provide finance to projects or companies violating human rights, they must make sure that they have a remediation process in place which consists of a grievance mechanism for affected stakeholders to inform the bank.

Purpose of Study

It is against the backdrop of fossil fuel finance and the financing of activities with adverse impacts on society by banks that this study seeks to analyse the CSR practices and policies of Turkish banks and seek to understand if they address social issues currently confronting Turkey and to compare the approaches taken by different banks based on international standards. The main objective of this study is to investigate the CSR practices and policies of the ten largest national, foreign and private banks in Turkey based on asset size and show the differences between these practices and policies in addressing social issues. Additionally, this investigation also seeks to reveal if the banks' CSR practices and policies are reporting on CSR issues including the external verification of reports, addressing business ethics and product responsibility, labor issues, environment, community issues and corporate governance. The conceptual framework of this study includes the concept of CSR, the drivers of CSR practices and policies, CSR definitions and the four dimensions of CSR. The study will contribute to the existing literature on the CSR policies of the Turkish financial sector.

Research Question/Hypotheses

Main Research Question

To what extent do the CSR practices and policies of the ten largest Turkish banks seek to address the current social challenges faced by Turkey?

Sub-Research Questions

1. Are they any key performance indicators (KPI) that measure the effectiveness of the CSR practices and policies of the ten largest Turkish banks?

2. Do the ten largest Turkish banks benchmark their CSR practices and policies against other top performers in this field?

3. Is there employment of internationally recognized industry-standard measurements by the ten largest Turkish banks to measure the performance of their CSR practices and policies?

Significance of Study

The analysis of the CSR practices and policies of Turkish banks is a justifiable endeavour as alluded to above that banks among other financial institutions are the lifeline of businesses as they provide capital and other forms of lending that allow businesses to thrive. Additionally, banks assist businesses in raising funds be it through the issuance of bonds or underwriting loans and therefore banks play a pivotal role in the survival of businesses. Financial institutions particularly banks play the role of lubricant for the economic survival of businesses and in turn the economy. A 2008 report revealed that there was confusion over the definition of CSR in Turkey and that this confusion was reflected in the practices of Turkish companies (Göcenoğlu and Onan, 2008).

The 2022 World Bank Report on Turkey alludes to some of the challenges facing Turkey such as the pandemic, the depreciation of the Turkish Lira which has given rise to inflation and subsequently increased poverty levels as well as the adverse impact of climate change. The report alludes to the impact climate change is having on Turkey positing that climate disasters and climate change-related events have increased over the past two decades (World Bank, 2022). Scholars have also drawn attention to the aspect of land commodification in the commercialization of agriculture and housing within Turkey and the impact on the property rights of local communities (Atasoy, 2017; Cive, 2019). Furthermore, Turkey is also facing an increase in gender-based violence and it has one of the highest femicide rates in the top 34 OECD countries (Chidombwe, 2020). In addition to this, Chidombwe (2020) posits that as of 2019 "42 per cent of Turkish women aged between 15 and 60 have suffered physical or sexual violence at the hands of their husbands or partners." International organisations such as Amnesty International have grown attention to the social issue of gender-based violence in Turkey and argue that the country needs to take more action to address this (Amnesty, 2021).

In light of the challenges, although not all unique to Turkey, businesses have a responsibility to at least assist the government to address some of these challenges and making sure that the conduct of business is not adding fuel to the fire. In essence, despite the confusion of CSR in Turkey as mentioned above, Turkish companies have come a long way and some have adopted CSR policies that seek to articulate their position on the environment and how they are balancing the shareholder interest for profit and the need to operate in a manner that does not have adverse impacts on the environment. Furthermore, the policies articulate how the companies are responding to the pandemic and other social issues such as poverty. Since Turkish banks play a significant role not only in their own operations but also in financing Turkish companies addressing the aforementioned social challenges it is imperative to look at the CSR policies of Turkish banks.

Similar research was conducted in 2016 which sought to look at the CSR practices and policies of Turkish banks, however, this research only focused on three banks listed in Borsa İstanbul (BIST) 30 Index and solely focused on CSR practices and policies of banks as of the second quarter of the year 2016. This study will then build on the 2016 research looking at 2017 to date and expanding the scope of banks from three to ten.

This thesis examines the CSR practices and policies of the ten largest Turkish banks according to the 2022 Forbes Global 2000 and the financial statement produced by the banks themselves. The largest banks in Turkey as of 2022 include (1) **Türkiye İş Bankası** with $95 billion in assets (2) **Halkbank** with $93 billion in assets (3) **Vakifbank** with $85 billion in assets (4) **Ziraat Bank** with $62 billion in assets (5) **Akbank** with $61 billion in assets (6) **Garanti Bank** with $59 billion in assets (7) **Yapi ve Kredi** Bank with $48 billion in assets (8) **QNB Finansbank** with $26 billion in assets (9) **Denizbank** with 24 billion in assets (10) **Türk Ekonomi Bankası** with $8 billion in assets. The CSR and annual reports of these banks will be examined from 2017 to date in a bid to understand their position on social issues. Available literature argues that CSR and sustainability are viewed as synonyms (Fortanier et al., 2011; Hahn and Kühnen, 2013) therefore sustainability reports of these banks will be examined if they shed light on the bank's CSR particles and policies. In addition to this, any literature produced by these banks which helps in articulating their CSR practices and policies will also be taken into consideration.

CHAPTER II

Literature Review

As shown in the introduction of this study, in the current business climate CSR plays an important role in the success of companies through the balancing of the interests of different stakeholders. Scholars argue that financial companies can contribute to society by increasing employment, promoting economic growth and improving the living standards of the population (Andrada, 2015). A recent report by Responsible Finance indicates the positive impact that finance can have on society through 'boosting small businesses, social impact and household resilience' (Rusell, 2022). Therefore the importance of CSR within the banking sector must be fairly understood and thus this literature review will look at the notion of CSR as a conceptual and theoretical framework from academia.

2.1.1. The Concept of CSR.

Historically companies were concerned with the economic viability and returning maximum profits to their shareholders. CSR was discussed in academic literature and although this is still the central feature of companies nowadays, scholars posit that public welfare was disregarded in the business world then (Gülmez, 2011). The increasing pressure from stakeholders for companies not to just aim for profit maximization led to the development of CSR (Fortanier et al., 2011). The fact that companies were seen just as purely economic vehicles has since changed as companies are now viewed not only as economic entities but also as agents for social change (Demirci, 2018). In Europe, there is a push for a company's social responsibility to move from being voluntary to being mandated by the law (Andrada, 2015) with the introduction of a non-financial reporting directive at the European Union level. In addition to this, different European countries have enacted legislation which requires companies including financial institutions such as banks to disclose how they address issues such as the environment and how they impact society within their operations. A widely accepted definition of CSR at the European levels entails that CSR is a concept where companies take into account social and environmental concerns in their operations and interact with different stakeholders on a voluntary basis (European Commission, 2010). Scholars argue the fact that businesses influence the environment they operate entails that they have an obligation to influence it positively (Erden, 2011). In a bid to balance economic viability and social consideration, some scholars argue that CSR is essentially business as usual in the absence of detrimental effects on other stakeholders such as employees, local communities, the government, customers and society at large (Erden, 2011).

There have been a number of definitions of what constitutes CSR and the first definition of the concept is traced back to Bowen (1953) in his book '*Social Responsibilities of the Businessman*' where Bowen (1953) argues that businesses must deal with social responsibility activities that are in harmony or in tune with social values. However, this view was criticized by another scholar arguing that the only social responsibility of business is to make a profit (Friedman, 1970). However, it seems despite such criticism, the idea that business should go beyond profit has taken firm root, including the fact that businesses should address social issues that are beyond their economic obligations (Davis, 1973), particularly social issues that arise as result of a business social activity. The concept of CSR has been defined as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law" (McWilliams & Siegel, 2001). Another definition of CSR accepted by the World Bank states that "CSR is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development" (Jizi et al., 2014; Starks, 2009).

Another scholar has taken an even broader approach to the concept of CSR positing that a company's social responsibilities must be determined equitable as the company is accountable to the general public and not only to its shareholders (Carroll, 1979). This has since developed into a concept where CSR is also seen as the public's social expectations of a company from an economic, legal, ethical and philanthropic point of view (Carroll, 1979). Some support this broad view of CSR arguing that it entails being liable to all stakeholders within the internal and external environment

(Demirci, 2018) as well as offering protection to all persons that are impacted by the activities of a company (Gülmez, 2011). It is evident that a CSR seeks to move away from a shareholder business model to a stakeholder business model where the needs of all stakeholders are considered and not only those of shareholders.

Another concept of CSR provided in academia is based on the theory of cause-related marketing which as alluded to earlier in this thesis posits that organizations aim to use CSR as a strategic marketing tool in which a business seeks to put their product in front of the consumer through philanthropic causes. This is confirmed by a study which sought to analyse the impact of CSR on the relationship financial institutions have with their clients and shows that there is "positive empirical validation of the relationship between corporate association and customer–company identification" (Fatma et al., 2015). In essence, it can be argued that there is a correlation between CSR and company identification and thus financial institutions can use CSR activities to be more identifiable to their clients, hence engaging in some form of brand marketing through social causes. In addition to this, it can also be argued that CSR can be used as means of market competition through company identification.

Although the theory of cause-related marketing maintains a strict approach to accountability, its main driver is the pursuit of profit with charitable contributions in the process, therefore philanthropy becomes an appendage to the pursuit of profit. There are extreme proponents of this view who argue that the investment in CSR policies, reports and related communications is aimed to gain public trust and reassure stakeholders such as employers, government, investors and consumers that the business is being run efficiently (Herzig and Moon, 2013). In other words, CSR is not used with the intention to positively impact society but for two main reasons: to gain public trust and reassure stakeholders which in turn impacts the financial performance of the organization. However, this approach presents CSR as an add-on marketing tool which is vulnerable in hard times. In relation to the banking sector and the financial crisis, scholars posit that "The recession justifies ditching those CSR activities which are non-essential to business in order to prioritize CSR which ensures operational efficiencies" (Herzig and Moon, 2013).

This theory on the concept of CSR is strongly linked to what is termed strategic philanthropy which seeks to address social issues that only correspond to the company's strategic goals. In essence, an organization will only address CSR issues that are in line with its business strategic goals. While retaining the pursuit of profit as the core motive, strategic philanthropy as a concept of CSR offers a vision of the organization's social obligations in tandem with other economic goals of the company (Al Halbusia and Tehseen, 2017). However, this aspect of CSR may give rise to the issue of principal-agent problems as economic goals might not always be available within the philanthropic realm. Furthermore, scholars have defined the concept of CSR within the lenses of corporate citizenship which "models the firm as a global citizen, deeply embedded in global communities and institutions with an opportunity to make a meaningful contribution to social welfare" (Al Halbusia and Tehseen, 2017).

Furthermore, the cause-related marketing and strategic philanthropy aspects of CSR lean towards the theory of market rationalization in the financial services sector. This theory posits that CSR should be integrated into the core business activities of a financial institution to achieve closer alignment between CSR activities and the operating environment (Herzig and Moon, 2013). The justification of this approach is aptly put by Herzig and Moon (2013) who state that "the integration of CSR creates business opportunities which impact positively on financial and non-financial performance, leads to better control of financial and other risks, and, consequently, helps avoid future crises."

In addition to the above, in examining the concept of CSR other scholars posit that a different approach should be taken and instead of traditionally looking at the external impact of a company on society what should be considered is the structure of the company as this influences how the company impacts stakeholders (Basu and Palazzo, 2008). Essentially, this approach views the concept of CSR as internal structures and processes within a company than the outputs. This view finds resonance in shareholder capitalism theory, an aspect of CSR which seeks to hold the executive management accountable so that the operations of a company do not adversely impact stakeholders (Al Halbusia and Tehseen, 2017). In addition to this, there seems to be some acceptance of the factor that internal management is one of the key drivers of CSR within an organization. Usually, internal management may be facing external pressures from external stakeholders such as civil society organizations. However, this approach does not provide explicit obligations to society at large and such obligations are implied by the executive management with a limited view of how the business impacts social welfare (Al Halbusia and Tehseen, 2017).

In light of the above, there have been studies that have examined CSR in the financial sector and posit that traditionally companies in the financial services sector have taken the internal environmental management approach vis-à-vis CSR (Jeucken and Bouma, 1999). Scholars state that this is an approach where such financial services companies sought to maintain the internal environment so that operations do not have an adverse impact on society instead of taking an active approach to address social issues and this gave such companies a positive public reputation (Babiak and Trendafilova, 2011). This is also supported by the market realization theory which "stresses the reputation of financial organizations for philanthropy, charitable foundations, fair treatment of employees, equal opportunities, diversity and job creation" (Herzig and Moon, 2013).

The internal environmental management approach to CSR was a result of the indirect nature financial services companies play in economic development through lending, investing, and financing projects as well as insurance (Schmidheiny and Zorraquin, 1996; Scholtens, 2008). However, the introduction of socially responsible investment (SRI) products and services saw financial institutions take a more external approach to CSR through their cores business (Cerin and Scholtens, 2011; Weber et al., 2011) despite not being faced with the same stakeholder pressure to address social issues as other sectors. Additionally, scholars seem to agree that the 2008 financial crisis was a catalyst for the development of CSR within the financial sector (Herzig and Moon, 2013; Andrada, 2015). The proliferation of socially responsible investment initiatives such as the United Nations Principles of Responsible Investment, Principles on Responsible Banking (PRBs) and the Equator Principles have also contributed to this shift within the banking sector.

Scholars also allude to the fact that “many financial sector organizations are on the radar of nongovernment institutions with respect to financing projects or borrowers with businesses that are harmful to the environment or sustainable development” (Weber et al., 2012). However, CSR performance remains low in the financial sector because the pressure from stakeholders is lower than in other non-service sectors (Weber et al., 2012). Some even argue that socially responsible banking has become a well-structured notion (Scholtens, 2009) and this has led to what some call ‘social banking’ which is banking that aims to have a positive impact on society and on the environment (Weber and Remer, 2016). This is interchangeable with the terms ‘sustainable’, ‘ethical’ or ‘alternative’ banking in the global north as social refers to a plethora of banking activities in other parts of the world. Scholars have also examined the development of CSR within the Turkish banking sector and state that the online presence of Turkish banks has been used to illuminate the softer and socially responsible side of banks in Turkey (Ozdora-Aksak and Atakan-Duman, 2015).

In addition to the above, some scholars have proposed that there are at least four dimensions to CSR namely: legal, economic, ethical and discretionary (Carroll, 1979). Scholars such as Certo and Peter (1996) have unpacked these dimensions arguing that the socio-economic aspect of CSR is related to “the production of necessary goods and services, job creation, vocational training of workers, and the provision of funds to the community through taxes, quality of life – indicates to what extent the firm positively influences the standard of living of the society, and preserves and works with the environment – and social investment – reflects how the firm uses its financial and human resources to help solve some of society’s problems such as education, culture, sports, art, etc” (Barroso et al., 2012). Furthermore, other scholars have provided different dimensions of CSR, for instance, Garriga and Mele (2004) identify four types of CSR theories which include:

(1) instrumental theories advancing economic objectives through social activities;

(2) political theories advocating corporate power and its responsible use;

(3) integrative theories expressing the necessity for corporations to integrate social demands; and

(4) ethical theories examining the morality and rightness of corporate social action

These theories of CSR will be discussed in further detail in the discussion section and at this juncture, it is necessary to examine how financial institutions, particularly banks from other countries are addressing CSR within their operations. This will look at what CSR activities from other countries look at and what are the main motivations of CSR within the baking sectors of those countries.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) or Global Goals are a group of 17 goals adopted by the UN General Assembly in 2015. However, the process of forming the SDGs started in 2000 with the Millennium Development Goals (MDGs) which were eight goals set to combat poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women. The MDGs were set to be achieved by 2015. In 2011 the UN Secretary General opened consultation process which reviewed the MDG experience. The Rio+20 Outcome document titled *A Future We Want* set out a mandate to establish and develop the SDGs. The SDG goals are a blueprint for peace and prosperity for people across the globe and the planet to be achieved by 2030. Among the 17 goals includes the eradication of poverty and hunger. Additionally, the SDGs seek achieve gender equality and reduce inequality. The SDGs also seek to provide good health and wellbeing, clean water and sanitation, affordable and clean energy as well as sustainable cities communities. Furthermore, by 2030 the Global Goals seek to achieve quality education, decent work and economic growth as well as industry, innovation and infrastructure development. Finally, the Global Goals seek to improve life on land and under water, responsible consumption and production. The most prominent objective of the SDGs is climate action as well as achieving peace, justice and strong institutions.

Although the concept of CSR was already in operation before the development and formulation of the SDGs and MDGs, it is imperative to examine how CSR can be used by companies to achieve the SDGs. Some of the goals set out by the SDGs can be achieved by governments and some of them need collaboration between the government and private sector such as private companies. Private companies can contribute to achieving the SDGs by 2030 through incorporating them in their CSR strategy and policies. Some private companies including financial institutions are party to the UN Global Compact which requires them to disclose in their annual reports, sustainability reports or CSR reports how they contributing to achieving the SDGs by 2030 within their business operations. The Sustainable Development goals are based on three fundamental pillars, namely the social, economic and environmental pillars (Delubac, 2022). It can be argued that the social and environmental pillars apply to CSR. The social pillars seek to address social exclusion and discrimination as well as promote solidarity and the wellbeing of stakeholders (Delubac, 2022). The social pillar entails the consequences of a company company's social activities and these include values that promote equality and respect for individual rights (Delubac, 2022). CSR which falls within the social pillars addresses Goal 5 which speaks to gender equality and Goal 10 which speaks to reduced inequality.

On the other hand, the environmental pillar is founded on the commitment to protect the environment and reducing risks "and measuring the environmental impacts of companies' activities. The challenges for companies in this area are as follows: Saving and preserving natural energy or agricultural resources Assessing their carbon footprint and reducing total greenhouse gas emissions and further achieve sustainable development goals. Prevent water scarcity and reduce overall waste for current and future generations" (Delubac, 2022). CSR which falls within the environmental pillar addresses Goal 7 which speaks to affordable and clean energy, Goal 11 which speaks of sustainable cities and communities and Goal 13 which speaks to climate action.

Scholars have explored the interaction between CSR and SDGs and argue that transnational corporations have the opportunity to use the SDGs as framework to improve their CSR engagement (Schönherr et al., 2017). In addition to this, Schönherr et al. (2017) posit that transnational corporation can contribute to the achievement of the SDGs by addressing some of the goals such as reduction of poverty and make improvement to education and health. Furthermore, the authors argue that companies have the ability to contribute to the achievement of the SDGs by reducing impacts on the planet through climate action, addressing human rights violations and responsible resource consumption and production via their CSR strategy (Schönherr et al., 2017). The arguments advanced by these authors on addressing the SDGs also fall within the social and environmental pillars of the SDGs. From this it is evident that CSR is intrinsically linked to the achievement of the SDGs.

In addition to the above, some scholars argue that over the years companies have lacked an "integrated framework to develop a strategic, balanced, and effective approach to CSR" (Shayan et al., 2022) and thus the SDGs could provide this framework. Proponents of this view have provided advantages of incorporating SDGs in a CSR strategy stating that both concepts are complimentary as they seek to achieve socio-economic development (Shayan et al., 2022). Finally, scholars argue that SDGs help companies across the globe to achieve their respective CSR objectives since they are more comprehensive (Shayan et al., 2022). This view seems to fall within the economic pillar of the SDGs and also supports the view that the 17 SDGs goals are directly related to business and therefore they can be used as an underlying framework to guide CSR (El Alfy et al., 2020). Additionally, since the SDGs are universally accepted by governments, business and civil society, they provide a common agenda for all stakeholders to rally around and thus CSR approaches that addresses the SDG gain legitimacy from different stakeholders. Having examined how CSR can contribute to achieving the SDGs, it is imperative to examine how banks from other countries are addressing CSR.

How banks from other countries address CSR

It is imperative to look at how financial sectors in other countries are addressing CSR starting with the United Kingdom (U.K). A study found that by 2009, U.K banks' public communication on CSR issues was low (Day and Woodward, 2009) and this seems to be the case for Islamic banks within the U.K as a 2017 study which examined the CSR disclosure of Islamic banks in the U.K also posits that there was poor CSR disclosure by UK Islamic banks (Ahmed and El-belihy, 2017). However, a recent study which analysed the relationship between CSR and reputation in the U.K. banking sector seems to suggest that the reporting had improved in the banking sector in general but found that the value of CSR in improving the reputation of U.K. banks is questionable (Ruiz and Garcia, 2021). Similarly, a 2013 study which examines the CSR disclosures of German banks finds that the CSR reports by German banks failed to meet international reporting standards such as Sarasin sustainability ratings (Lock and Seele, 2013). This is quite surprising given that there is a study which finds a correlation between CSR disclosure and human development (Vilar and Simão, 2015), meaning that developed countries within Europe and North America are expected to have more information on how they address CSR within their operations.

A 2015 study seems to support the above assertion; the study finds that after the 2008 financial crisis there was an increase in CSR disclosures within European banks such as BNP Paribas, Deutsche Bank, HSBC Holdings, Credit Suisse (Laidroo and Sokolova, 2015). Additionally, the study concludes that by 2013 “German, British and Dutch banks continue to exhibit higher disclosure levels compared to those from Spain, France and Italy” (Laidroo and Sokolova, 2015). Despite a 2013 study stating that German banks are failing to meet international CSR reporting standards, a more recent study on how German banks are addressing CSR finds that the most disclosed CSR information by German banks relates to customers and products and that the size and orientation of the bank has an impact on disclosure (Schröder, 2021). This seems to find support in a 2009 study on CSR in the international banking sector which finds that CSR performance is positively related to bank size (Scholtens, 2009) which entails that the bigger the bank the more likely it will communicate its CSR policies.

In relation to the French banking sector, a study on the level of CSR transparency by French companies also shows that CSR reporting has deficits and only partly complies with international reporting standards such as the Global Reporting Initiative (Kühn et al., 2014). The view on German and French banks’ poor disclosure of CSR seems to be supported by a 2016 study which looked at CSR communication on corporate websites and compared these disclosures across different continents. The study finds that German and French banks are not the best performers in CSR reporting and collectively account for only 23 per cent of overall European CSR reports (Hetze and Winistörfer, 2016). This seems to suggest that both the French and German banking sectors have poor CSR disclosures which are failing to meet international standards. Having examined France's top five biggest banks by asset sizes such as BNP Paribas, Crédit Agricole, Société Générale, BPCE and Crédit Mutuel it is also evident that there is low CSR disclosure in France’s financial sector despite mandatory requirements for companies to disclose non-financial information in France including financial institutions such as banks. Looking at the French banks’ CSR policies, there is minimum disclosure on how the banks address CSR issues such as the environment, corporate governance and labour issues.

Also, a study which examines the impact of CSR on the banking practices in Romania finds that the CSR in Romanian financial sector are reliant on the environment and society (Mocan, 2015) whereas a study by Frecea (2016) examines how the Romanian banking sector CSR policies address business ethics and find that there is a link between CSR and the ethical dimension for the Romanian banking sector (Frecea, 2016). Another study examines the Dutch financial sector particularly the four biggest banks in the Netherlands seems to suggest that the CSR practices in the banking sector mainly focus on corporate governance (Jan de Graaf and Stoelhorst, 2013) since the deregulation of the sector in the late 90s. Notwithstanding the aforementioned low disclosures by European banks, Laidroo and Sokolova (2015) argue that European banks are leading the way in relation to governance, sustainability reporting and environmental management within their CSR activities. However, there seem to be more environmental management disclosures within CSR by North American banks compared to their European counterparts and this is because the United States government placed more responsibility for environmental pollution on American banks much quicker than European governments (Laidroo and Sokolova, 2015).

Moving on to the United States, there is increasing awareness of CSR in the American banking sector and one author argues that CSR has been visible in the American banking sector for a long time (Murawski, 2018). However, CSR reporting was propelled by the 2008 financial crisis which saw an increase in CSR reporting

(Laidroo and Sokolova, 2015) with the majority of American banks' CSR policies reporting on climate risk and diversity and inclusion. The latter seems to be justified by the vibrant racial justice movement within the United States. Similarly, a study which examines CSR reporting by region, finds that North American banks provided information on how they address all types of discrimination in a detailed manner (Vilar and Simão, 2015). A 2013 study posits that Americans are more concerned by the environmental aspect of CSR (Bouvain et al., 2013) and this may be explained by the environmental risk faced by American banks as well as the fact that Americans "favour their banks to push green issues via their credit and loan practices" (Bouvain et al., 2013).

However, despite the environmental aspect of CSR being prominent in American banks, a study which examines CSR disclosures between 2005 and 2013 shows that North American banks had joined fewer sustainability initiatives (Laidroo and Sokolova, 2015), and this is supported by a 2015 study which finds that despite American financial institutions facing significant social and environmental risk, they are unlikely to obtain CSR assurance, which is a procedure of identifying inaccuracies in CSR reporting (Casey and Grenier, 2015). Despite the lack of CSR assurance within the American banking sector, a 2018 study finds that there is a positive trend related to the positive impact of CSR on financial institutions within the United States (Murawski, 2018). Apart from the environment and discrimination, Bouvain et al. (2013) allude to the fact that the CSR policies of U.S banks also seem to focus on governance as a result of the corporate scandals that have engulfed American financial institutions such as Lehman Brothers and Madoff as a result of governance issues (Borens et al., 2008; Mullineux, 2011; Ruppel, 2009).

Having looked at how American and European banks are addressing CSR within their operations, it is necessary to turn to other parts of the world such as South America, Asia and Africa. In light of a study establishing the correlation between bank size and CSR disclosure (Scholtens, 2009), this review will consider the biggest banks in Asia, South America and Africa. In the Asian region, China and Japan have the largest banks (Forbes, 2022) therefore this literature will pay special attention to these countries. A study on CSR's impact on the financial performance of Asian banks found that CSR has a positive and significant impact on a bank's financial performance (Ashraf et al., 2017). Bouvain et al. (2013) argue that these Asian bank's CSR approach is focused on labour issues such as employee benefits and this can be attributed to the Confucian culture prominent in China and Japan which "dictates respect for superiors, yet at the same time demands that superiors must take good care of their subordinates" (Bouvain et al., 2013; Liden, 2012; Zhu and Yao, 2008).

In terms of how Japanese banks address governance in their CSR approach, Jain et al (2015) posit that Japanese banks saw an increase in adopting ethical standards from 2005 to 2011. The same study also finds that during the same period Chinese banks had a higher level of CSR reporting compared to their Japanese counterparts. Additionally, Jain et al (2015) allude that both Japanese and Chinese saw a high environmental disclosure due to the laws in respective countries that require quantitative targets and green credit requirements for lending. This is supported by another study which examines CSR and the financial performance of Chinese banks, which finds that there was an increase environmental and social performance of Chinese banks from 2009 to 2013 due to policy requirements which expects Chinese banks to assess environmental impacts in their lending practices (Weber, 2017). In this regard, it seems for the banking sector in general what is pushing the CSR approach is either compliance requirements or pressure from stakeholders as opposed to the voluntary initiative of the financial institution. Japanese and Chinese seem to address governance, the environment, labor issues and the community at large within their CSR approach (Jain et al., 2015; Weber, 2017).

Moving to the Middle East, Chedrwai et al (2020) argue that the main driver for CSR activities of Lebanese banks is a quest for legitimacy and external pressure from stakeholders. The quest for legitimacy seems to find resonance in the legitimacy theory which argues that "organizations continuously try to ensure that they carry out activities in accordance with societal boundaries and norms" (Dewiyanti, 2021). The external pressure from stakeholders seems to support the view that banks constantly face pressure from stakeholders to allocate resources to CSR activities (McWilliams and

Siegel, 2001). This finds support in a study which alludes that the level of performance and disclosure on CSR is contingent on the degree of influence the public has on the organization (Farook et al., 2011). However, one author argues that not all stakeholders are treated the same by banks and this ultimately leads banks to engage in CSR activities in order to attract depositors (Molina et al., 2022).

In relation to Indian banks, an earlier study states that the Indian banking sector was only starting to consider environmental issues from 2005 to 2011 (Jain et al., 2015), however, it seems by 2014 environmental issues had taken a firm root with Indian banking sector's CSR approach as Dhingra and Mittal (2014) posit that by 2014 the main areas of CSR activities in banking sector included responsible banking and the environment among other factors such as education and employment, children and community welfare, health care, rural development. This is similarly confirmed by a recent study which also found that education, health care and the environment are the common areas of CSR activities for both public and private banks (Das and Padhy, 2019). However, despite this development, it seems India's banking sector is still lagging behind in terms of governance as they were not signatories to any ethical standards from 2005 to 2011 (Jain et al., 2015). Similarly, CSR reporting was poor within the Indian banking sector within the same period.

Turning to Africa, Nigeria and South Africa are the biggest economies as of 2022 (World Bank, 2022) therefore this study will consider the CSR practices of the biggest Nigerian and South African banking sectors as well as other African countries. Gaddafi and Devasia (2018) argue that CSR activities within Nigeria's banking sector are shaped by government policy, stakeholder interest and bank management. This seems to be similar to the Tanzanian banking sector where CSR activities are influenced by management (Kasoga and Viswanadham, 2020), hereby supporting the view that internal management is one of the key drivers of CSR activities in banks (Porter and Kramer, 2002; Aracil and Forcadell, 2018). Stakeholder interest being one of the factors shaping CSR practices within Nigeria's banking sector is also supported by a recent study which found that stakeholders within the said banking sectors such as customers and the public in general were generally satisfied with banks' approach to CSR (Potluri et al., 2021). This seems to back the view that CSR is perceived as the public's social expectations of a company from an economic, legal, ethical and philanthropic point of view (Carroll, 1979). Furthermore, Senyigit et al. (2017) reveal that within the Nigerian banking sector there is a positive relationship between CSR and financial performance. The study shows that the CSR score of the listed banks in the Nigerian Stoke Exchange has a positive and significant effect on financial performance measured with net interest margin (Senyigit et al., 2017).

In South Africa, a study which examined CSR activities within banks in Sub-Saharan Africa found that South Africa had better CSR disclosures compared to their counterparts in countries such as Mozambique (Siueia et al., 2019). A recent study on CSR in Tanzania's banking sector found that there was a lack of community participation in bank CSR activities and a lack of consensus on CSR implementation (Kasoga and Viswanadham, 2020), the study also found that CSR activities within Tanzania's banking sector were also influenced by the strategies of competitors and the existence of stronger mechanisms within the bank (Kasoga and Viswanadham, 2020). Market competition as a driver for CSR activities also finds resonance with the analysis done on Namibia's banking sector which held that "governance, brand image, customer loyalty, market competition, and regulatory pre-emption ranked prominently amongst internal and external institutional factors driving CSR in Namibian commercial banks" (Randa, 2021). This seems to be supported by a study which found that CSR is traditionally based on internal management and competitive advantages (Porter and Kramer, 2002; Aracil and Forcadell, 2018). The study on the Namibian banking sector also finds that Covid-19 had also increased CSR reporting.

Turning to South America, a study that examined CSR disclosures in the international banking sector found in 2015 found that of the South American banks, Brazilian banks had performed well in relation to CSR disclosure and attributes this to the world conference on the environment in Rio in 1992 (Vilar and Simão, 2015). The study also alludes to the fact that South American banks in Brazil and Mexico provide very detailed information on environmental management within their CSR reports. Furthermore, according to Vilar and Simão (2015) South American banks within Brazil and Mexico's banking sector address labour issues such as worker's welfare, governance including issues such as corporate ethics and corruption, and community issues such as investment in education in CSR activities. This is also supported by a study which held that education is the preferred community development by South American savings banks (Barroso et al., 2012), in addition to this, the study seems to indicate that the main driver of CSR activities is the pressure that banks in South America face from external stakeholders (Barroso et al., 2012), and this is evidenced by the fact that bank CSR activities alluded to in the study are conducted in collaboration with civil society organizations. Having examined how banks from other countries are addressing CSR, it is imperative to analyse the Turkish banks in this study regarding CSR fields and issues from other sectors using analysis by Weber et al (2014) as the bassline assessment and the stakeholder theory as the theoretical framework.

Theoretical Framework

Stakeholder Theory

The stakeholder theory will be used in the analysis of the CSR approaches of the banks in this study. The stakeholder theory is the most prominent theory in analysing CSR as it is used to interpret the functions of corporations (Demirci, 2018; Donaldson and Preston, 1995). Scholars such as Friedman (1970) that have attacked the concept of CSR have done it within the normative terms of stakeholder theory. The stakeholder theory has been described as a normative, descriptive and instrumental theory (Donaldson and Preston, 1995). The theory is an organizational theory which accounts for different stakeholders or constituencies in the running of a business, these constituencies may include civil society organizations, employees, suppliers and business partners, communities in which the business operates and shareholders among others.

The theory alludes to the fact that all stakeholders have their own interests and each interest merits its own consideration in the running of a business. In this regard, this theory encourages an approach that takes into account the interest of different stakeholders and academic studies argue that the theory considers the influence of stakeholders in corporate decision-making (Matten et al., 2003). Other scholars have argued that the theory entails that business enterprises should endeavour to create value for all stakeholders affected or impacted by the realization of the business objectives (Dmytriyev, 2021). The theory alludes that “a joint purpose should result from the shared values of a company and its stakeholders and thus serves as a strong and motivating reference point for joint value creation” (Freudenreich et al., 2021; Breuer and LüdekeFreund, 2017).

The theory states that the relationships between a business and its stakeholders need to be deeper than transaction-oriented encounters (Freeman et al., 2010). Subsequently, the theory posits that business managers ought to generate value for various stakeholders and not prioritize the interests of the shareholders over those of all stakeholders (Freeman et al., 2010; Friedman and Miles, 2002). Furthermore, other scholars argue that the theory is based on the principles of fairness and reciprocity within stakeholder relationships (Philips, 2003). Scholars argue that in stakeholder theory “a company is characterized as a set of relationships, crucial to its functioning, among individuals or groups who affect or are affected by its business operations” (Freudenreich et al., 2021; Freeman et al., 2010).

Related Research

There have been various pieces of research on CSR and the banking sector, and this has seen an emergency of different arguments as to why banks may engage in CSR. One author argues that CSR gains prominence as banks are motivated by factors other than profit and other financial incentives to engage in CSR (Tran, 2014). However, the author seems to acknowledge that what motivates banks to engage in CSR is not purely non-profit related and that there are other financial incentives that have pushed banks, in general, to engage in CSR such as the fact that “CSR will indirectly gain competitive advantage in the market place through reduction or elimination of government-imposed fines” (Tran, 2014), and that banks will be able to offer different products if they engage with CSR through product differentiation (McWilliams and Siegel, 2001; Waddock and Graves, 1997). From this, it is evident that banks' engagement with CSR also has some financial motivations and is not purely non-financial, in fact, it would seem that where non-financial approaches meet financial incentives is where CSR thrives the most. In addition to this, Godfrey (2004) argues that a bank's engagement with CSR will also minimize the bank's exposure to risk and other scholars have argued that CSR policies are likely to boost the morale of bank employees thereby increasing productivity and performance (McGuire et al., 1988) and a decrease in labour-related issues (L.Zu, 2009).

In general, the banking sector seems to focus on four main CSR strategies which are the environment, society, marketplace and workplace. There is a view that the most vital CSR strategy a bank can pursue is environmental sustainability (Levy and Egan 2003) and since the impact banks have on the environment is apparent, banks can easily pursue this strategy despite the fact that banks are intractably linked to the environment through the activities they fund or the lending to companies that degrade the environment. It has been seen from the literature on how other banking sectors from different countries address CSR that the environment seems to be a central pillar of CSR. However, CSR policies have taken a back seat when they clash with profitability, for instance, many banks continue to fund fossil fuel companies despite, their well-known adverse impact on the environment (Brightwell et al., 2019). Civil society organisations have advocated for banks to move away from fossil fuel finance, in line with their CSR policies but because of the profitability associated with fossil fuels banks have been reluctant to do so (Fossil Bank No Thanks, 2021).

In relation to society and social impact, bank CSR strategies have been centred on philanthropy whereas, in relation to the marketplace, banks have used CSR policies and strategies to improve their reputation, market competition and subsequently financial performance (Frenkel and Scott, 2002). Bank's CSR policies and strategies allow the bank to work in the 'green financial markets which include renewable energy among other things and allow banks to focus on responsibility in investment and accountability. Furthermore, banks may also use CSR policies in the workplace in order to attract the best human resources and also motivate employee productivity through recognition of labor rights and creating a conducive environment of equality among employees.

Scholars such as Tran (2014) have cited barriers that stop banks from embarking on CSR strategies such as economic barriers where the bank lacks economic resources as it is believed that “investment in social responsibilities is a financial burden for any banks, in which banks have to pay extra money, time and even energy to conduct a wide range form of CSR programs” (Tran, 2014). Furthermore, there are political and regulatory barriers that have been cited as one of the reasons which stop banks from pursuing CSR strategies and policies, for instance, whereas there are regulatory frameworks which require banks to disclose CSR information in developed countries, such regulatory framework in developing countries such as Zimbabwe it is non-existent due to the political climate on social issues such as human rights among other things. Also, this could be said for countries such as Turkey, where there is no regulatory framework requiring financial institutions such as banks to disclose their CSR policies and programs or that incentivizes financial institutions for doing so.

Although Turkey introduced regulations on the banks’ corporate governance principles in 2006, which determined the principles of corporate governance banks must obey (Kılıç, 2016), the principles invited joint stock companies to disclose CSR policies and activities within their annual reports (Kılıç, 2016). However, this does not provide a regulatory framework which requires Turkish banks to disclose their CSR policies. This view is supported by Taşkın (2015) who examined the CSR strategies of Turkish banks and argues that the regulatory bodies should promote the presence of the companies in CSR practices (Taşkın, 2015) and this shows that Turkish banks have not sufficiently disclosed CSR data. This is acknowledged by Yilmaz (2013) who posits that by 2013 CSR disclosure within the Turkish banking sector was low compared to their European counterparts. Despite this view, other scholars posit that the scope of CSR reporting is extensive within the Turkish banking sector (Akdoğan et al., 2017). Scholars allude to the fact that by 2013, Turkish banks were supporting cultural, human resource development, educational, charitable, energy saving and environmentally sensitive projects as part of the CSR initiatives (Kaytaz and Gul, 2013). Recent research has shown that in terms of CSR disclosure, Turkish banks tend to disclose about their products and customers on their websites and that the most disclosed information included the environment (Kılıç, 2016; Akdoğan et al., 2017; Kaytaz and Gul, 2013), also there is high disclosure on employees (Akdoğan et al., 2017) and customer engagement (Tosun, 2021). The reporting on environment information by Turkish banks seems to be in line with the international trend to include the environment in CSR disclosure. As seen above banks from other countries have made the environment a central pillar for CSR disclosure.

In addition to this, "size, ownership structure, and multiple exchange listing" played a part in CSR online disclosure by Turkish banks (Kılıç, 2016), a position supported by Akdoğan et al. (2017) who state that size of bank is important in CSR reporting. The scholars posit that size and the issuance of corporate governance compliance reports had a correlation with high CSR reporting in Turkish banking sector (Akdoğan et al., 2017). Additionally, Kılıç (2016) also argues that in relation to Turkish banks that there is a "significant positive effect of size, ownership diffusion, board composition and board diversity on the CSR disclosure of the banks" (Kılıç et al., 2015). Similarly, Akdoğan et al., (2017) find that bank structure is also an important component to CSR engagement. This is supports the findings by Akin and Yilmaz (2015) who argue that the factors influencing CSR disclosure in the Turkish banking sector include stock exchange listing, ownership and the type of bank. The study finds that CSR disclosures are higher for Turkish banks listed on the stock exchange as opposed to those that were not listed (Akin and Yilmaz, 2015). Interestingly, the study also finds that domestic Turkish banks have high CSR disclosure compared to foreign banks operating in Turkey (Akin and Yilmaz, 2015), this is a finding supported by Soğancilar (2017) who finds that banks with high foreign shares in Turkey had low CSR scores and their CSR activities addressed a limited number of target groups and fields. Soğancilar (2017) posits that this may be explained by the fact that foreign banks are immune from local pressure whereas the domestic banks are alive to this and also feel the need to improve the society they live in. Additionally, this may also be explained by the fact that domestic Turkish banks may have deeper contextual awareness of the social challenges facing Turkey as opposed to their foreign counterparts.

Moreover, some scholars argue that Turkish banks “utilize their CSR initiatives to differentiate themselves from their competitors” Ozdora-Aksak and Atakan-Duman (2015) and they use their CSR initiatives to “win the support of their current and potential customers” Ozdora-Aksak and Atakan-Duman (2015). This seems to be supported by the view that banks use CSR as means of market competition (Porter and Kramer, 2002; Aracil and Forcadell, 2018), and scholars such as Tran (2014) have argued that banks pursue CSR strategies and programs for other financial incentives such as gaining a competitive advantage over the competition, product differentiation and accessing green markets.

However, Taşkın (2015) states that CSR activities of Turkish banks do not guarantee profitability and this is supported by his findings on Turkish banks which show that high CSR scores had low return on assets (ROA) and return on equity (ROE). This seems to be in conflict with a study that examined the factors influencing Turkish deposit banks to engage in CSR activities (Yüksel and Özsarı, 2017). The study finds that there a positive relationship between CSR and a return on asset (ROA) within the Turkish banking sector (Yüksel and Özsarı, 2017). However, Senyigit et el. (2019) find that there is there is no statistically significant relationship between CSR and corporate financial performance in Turkish banking sector. Taşkın (2015) seems to suggest that Turkish banks conduct CSR without profit maximization in mind but meeting society’s expectation (Taşkın, 2015). The study also finds that banks with high interest margins have high CSR scores suggesting a correlation between CSR and high interest margins (Taşkın, 2015). These results show that the cost of CSR activities by the bank is also distributed to the customers. Essentially, the author posits that Turkish banks “do not perform CSR only because they are profitable, also CSR practices do not guarantee profitability” (Taşkın, 2015). However, as alluded above, the fact that Turkish banks pass the cost of CSR programs on to their clients shows that banks are unwilling to cover the cost of CSR alone.

In addition to the above, Taşkın (2015) suggests that profitable banks are most likely to engage in CSR; a view supported by Soğancilar (2017) who finds that profitable Turkish banks have higher CSR scores. He argues that this is as result of the fact that such banks have more resources to put into CSR activities and see it as a future investment as CSR activities are expected to enhance profitability (Soğancilar, 2017). Similarly, Yüksel and Özsarı (2017) argue that there is a positive correlation between return on asset (ROA) and CSR; and that where Turkish deposit banks are profitable, they are likely to engage in CSR activities as compared to other banks (Yüksel and Özsarı, 2017). Similarly, these findings seems to support by the view that CSR performance is positively related to bank size (Scholtens, 2009) which entails that the bigger the bank the more likely it will communicate its CSR policies. Furthermore, this also finds acceptance in the assertion that some firms fail to conduct CSR programs as a result of the financial barriers where the bank lack economic resources as it is believed that "investment in social responsibilities is a financial burden for any banks, in which banks have to pay extra money, time and even energy to conduct a wide range form of CSR programs" (Tran, 2014). A 2017 study on the Turkish banking sector also supports this view; the study finds that there is a negative relationship between CSR activities and non-performing loans ratio (Yüksel and Özsarı, 2017). This entails that where a bank losses money as a result of non-performing loans, it unlikely to engage in CSR activities.

Additionally, Yilmaz (2013) states that there a positive relationship between total bank assets and the bank's social performance and this means big banks have better social performance. The author explains this by stating that banks with more assets are usually publicly traded which places more transparency requirements on them and this therefore improves their CSR disclosures (Yilmaz, 2013). This is an argument supported by another author who states that publicly traded or quoted banks on the stock exchange are under a strict scrutiny to be transparent about their activities (Soğancilar, 2017). However, Yilmaz (2013) also raises an interesting argument stating that there is no relationship between a bank capital adequacy and CSR performance; the study posits that a bank's capital adequacy does not affect its CSR performance and disclosure (Yilmaz, 2013). The author acknowledges that it is generally accepted that the more resources a bank has, the more it is expected to conduct social responsibility expenditures, however, his findings did not support this view (Yilmaz, 2013).

Recent research which examined the CSR policies of Turkish Islamic banks found that these banks had not sufficiently entered the global competitive market in the CSR field (Elsafty and Tahon, 2021). This seems is supported by Ahmed and El-belihy (2017) who also find that U.K. Islamic banks CSR disclosure was low. This research also indicates that Turkish Islamic banks do not take CSR seriously as examined banks showed that CSR activities have no special department nor function within the organization and that there were no CSR specialists and there is no job description for CSR specialists (Elsafty and Tahon, 2021). Furthermore, the research seems to show that the top management of Turkish Islamic banks do not or have not given sufficient support to CSR activities (Elsafty and Tahon, 2021) and all of this goes on to show that these banks are not CSR seriously. This seems to be a departure from the previously examined literature which suggests that CSR activities are partly driven by internal bank management (Porter and Kramer, 2002; Aracil and Forcadell, 2018).

Scholars state that Turkish banks utilized CSR efforts as marketing tool during the 2013 financial crisis in Turkey (Gul and Kaytaz, 2019), and this is supported by Ozdora-Akşak and Atakan-Duma (2016) who posit that CSR initiatives could be used by Turkish banks to construct a competitive identity. This seems to suggest that CSR can be used as means of market competition. The fact that CSR can be used for market competition with the banking sector is supported by Elsafty and Tahon (2021) who posit that Turkish Islamic banks had not sufficiently entered the global competitive market in the CSR field. This seems to reinforce the view that CSR strategies, policies and programs are viewed as tools for banks to differentiate themselves from the competition and not to drive social change. Despite the fact that Turkish banks used CSR as marketing strategy in 2013 (Gul and Kaytaz, 2019), scholars argue based on the identity theory that Turkish banks must communicate non-economical social concerns in order to construct a public identity and gain legitimacy (Atakan-Duman and Emel, 2014). In addition to this, scholars posit that Turkish banks can use CSR as means of constructing a moral organizational identity (Ozdora-Akşak and Atakan-Duma, 2016; Ozdora-Akşak and Atakan-Duma, 2015).

Moving on, Turkish banks increased their CSR communication during the Covid-19 pandemic and CSR activities were also used for acquire customers during this period (Tosun, 2021). This goes on to show that despite all intents and purposes to keep CSR purely socially orientated, market competition often hinders this, thereby making CSR activities tools for competition. This is supported by the view that CSR communication can turn into marketing and contribute to building a brand image (Khan et al., 2015). Finally, a thesis that conducted an institutional analysis of the CSR in Turkish banking sector in 2017 found that at the time, Turkish banks CSR activities were addressed a larger number of target groups and fields (Soğancilar, 2017). Additionally, the study alludes to the fact that older Turkish banks and more diversified banks had higher CSR scores (Soğancilar, 2017).

CHAPTER III

Methodology

This study will adopt the criteria to measure bank CSR approaches from the research paper by Weber et al (2014) titled *Corporate Social Responsibility of the Financial Sector – Strengths, Weaknesses and the Impact on Sustainable Development*. The paper provides a method to compare the financial sector with other sectors regarding CSR with a scoring criterion from zero (0) to one (1). According to Weber et al (2014), the criterion has been analysed by specialized analysts for specific topics such as financial services and therefore guarantees the reliability and the validity of the data. This study will examine if the CSR policies and approaches of Turkish banks address six key social issues highlighted by Weber et al (2014) such as (i) CSR reporting, (ii) business ethics and product responsibility (iii) labor issues, (iv) environment (v) community issues and (vi) corporate governance. If a bank does not have a CSR policy or other sources of information on CSR on either of the aforementioned issues then the issue is scored a 0. If the bank has a general policy on the aforementioned issue, then it is scored 0.25. Where a bank has a publicly disclosed policy on either of the aforementioned issue, it is scored with 0.5. A bank will receive a full score where the bank has a publicly disclosed policy that explains in full detail how it addresses the aforementioned issues and takes the board of directors, different management levels and all employees into account.

The validity of Weber et al (2014) study was established using the inclusion of different sampling groups in the plan. The research included an assessment of corporate social responsibility of the financial sector where the sample was divided into two groups- to reduce biases namely country of origin and sector of the firms. The sample included more than 1800 firms including 400 organizations from 26 different countries. The inclusion of greater diversity and a large number of sample size led the research to reduce its biasness towards only one type of outcome, creating a base for valid results. In terms of establishing reliability, Weber et al (2014) study recorded data in a table to provide an overall assessment of the data collection process and the updated assessment of the results, as they came. The use of the table for recording data provided the researchers a chance to quickly interpret the results as per the record of every individual respondent and realize the progress of the research. The table also helped in the concise construction of the conclusion of the research parameters.

Research Design

This study is qualitative in nature and qualitative research has generally defined as research which derives meaning from words and images and not numbers (Saunder et al., 2019; Sekeran and Bougie, 2016). The data in this research was analysed using discourse analysis which is an analytical approach looking at the effects of the use of language be it written or spoken in relation to its social context (Saunder et al., 2019). Additionally, the data in research was analysed using content analysis which is research method used to evaluate the symbolic contents of websites and journal articles among other sources (Bougie, 2016). Qualitative research method was the most effective way of analyse how Turkish banks' CSR activities.

Sample/Study Group

The table below contains the sample size of this study which is the ten largest banks in Turkey based on asset size. This study decided to focus only on these ten banks because their asset size will give us better insight on how the Turkish banking sector generally addresses CSR and the key issues banks are addressing. There seems to be consensus among scholars that the bigger the bank is in terms of assets size as well as the level of profitability of a bank entails that the bank is likely to engage into CSR activities (Scholtens, 2009; Yilmaz, 2013; Tran, 2014; Kılıç, 2016; Akdoğan et al., 2017; Soğancilar, 2017; Yüksel and Özsarı, 2017). Therefore a sample size of the ten biggest banks based on asset size will give us a clear picture of how CSR is being addressed in the Turkish banking sector.

Table 1.

The Ten Biggest Banks in Turkey by Asset Size

Name of Bank	**Asset Size in $USD**
Türkiye İş Bankası	$95.4 billion
Halkbank	$93.6 billion
Vakifbank	$85.4 billion
Ziraat Bank	$62.5 billion
Akbank	$61.9 billion
Garanti Bank	$59.6 billion
Yapi ve Kredi Bank	$48.8 billion
QNB Finansbank	$26.6 billion
Denizbank	$24.7 billion
Turk Ekonomi Bankasi (TEB)	$8.8 billion

Source: 2022 Forbes Global 2000

Data Collection Method and Procedures

Data collection methods and procedure entails the devices used by the researcher to gather relevant data for a study or research. The sources in this study were analysed primarily through desk reviews of relevant literature. The resources were located through the use of online scholarly databases mainly through google scholar which linked the researcher to various journal databases such as Hein Online, Journal Storage (JSTOR), Sage Publications and Science Direct among many others, also, this study used observation of bank policies as data collection tool. Then research examined secondary data looking at journal articles on the concept of CSR, stakeholder theory, CSR and the banking sector in Africa (Namibia, Nigeria, South Africa and Tanzania,) Asia (China, India, Japan and Lebanon), Europe (France, Germany, Romania, The Netherlands and United Kingdom), the United States and South America (Brazil and

Mexico). Journal articles on CSR and Turkish banking sector were also examined as well as a master's thesis on institutional analysis of CSR in the Turkish banking sector.

The use of secondary was the most efficient data collection method because it saved time as compared to primary data which required engaging with individual banks as this would be time consuming. Secondary, data provided a basis for comparison of collected data as opposed to primary data where response from banks was not guaranteed and this might have made it difficult to compare collected data. Furthermore, this research examined the websites of the ten Turkish banks in this study. The researcher scanned the websites for CSR policies, Sustainability Reports, Human Rights Policies and Statements as well as Annual reports located mostly on the banks' investor relations page. The collected data on CSR activities and the aforementioned policies and reports as disclosed on those websites gave the researcher a clear understanding of how each bank addresses CSR and what are its salient CSR issues. The data collection on bank websites to approximately two weeks to collect, compile and analyse.

Data Analysis Plan

According to a study by Weber et al (2014), the fields and issues from other sectors which feature prominently in CSR reports, policies and strategies, including how the undertaking reports on its CSR activities also known as CSR disclosure, how a company addresses business ethics and product responsibility, how a company addresses labor issues, how the undertaking addresses the environmental challenges including climate change, how the undertaking address corporate governance and community issues. Weber et al (2014) posits that since these fields and issues feature prominently in CSR activities of other sectors, it was imperative adopted them for the financial sector, therefore this study will also adopt these fields and issues. The following sub-sections will explain these fields and issues in detail. How these issues will be measured will be explained has been explained in the section above.

CSR fields and issues:

Reporting

CSR reporting, disclosure or communication has been defined as the ability to effectively present and explain to various stakeholders on corporate social responsibility. Therefore when looking at how the Turkish banking sector is conducting CSR reporting or disclosure, this will consider how the bank communicates with the public on its salient CSR issues. It will also consider if the banks' reports including annual reports, sustainability reports and CSR reports are externally verified, this entails verification by external bodies such as auditors. Finally, it will examine if the bank is complying with international reporting standards on CSR reporting, such standards may include the Global Reporting Initiative (GRI).

Business ethics and product responsibility

Business ethics entails the moral principles that can be applied to ethical or moral dilemmas that can arise in business environment. Business ethics apply to all aspects of the business and the conduct of individuals and the entire organization. Product responsibility entails that organizations create products that do not pose adverse impacts on consumers and society at large. Thus, principles of business ethics and product responsibility will be applied the Turkish banking sector. This will consider if the bank has policies on bribery and corruption, and anti-competitive practices such as insider trading. It will also consider if the bank has anti-money laundering practices, quality certifications, customer satisfaction monitoring and reporting channels for grievances.

Labour issues

Labour issues encompass any challenges that employees may face during the cause of work, such challenges such as labour disputes or discrimination of employees may have negative impacts on the business. It is necessary to assess how the Turkish banking sector is dealing with any existent or potential labour issues and this entails considering if the bank has policies on employee non-discrimination, and employee diversity programs. It will also consider if the bank is in compliance with international labour norms or cites international labour standards in its policies relating to working conditions. Furthermore, this will consider if the bank discloses information on health and safety certifications for employees.

Environment

The environment in business usually entails how a business is addressing the effects of climate change and if the business is not polluting the environment, hereby contributing to carbon emissions. The banking sector may contribute to climate change through providing financing for companies whose activities pollute the environment such as fossil fuels companies. A bank may also play a part in the mitigation of climate change effects by providing financial products that advance a sustainable environment. It is thus necessary to consider if the Turkish banking sector is adequately addressing the environment in this regard. This can be done by considering if the bank has policies on the environment covering climate change including data and targets on carbon emissions. It will also consider if the banks look at climate risks in the provision of finance including loans, credits and mortgages. Additionally, this will consider if the bank provides environmentally friendly products as well as conducts socially responsible investing (SRI).

Community issues

Community issues are challenges or problems that a community believes that there is capacity to address. In relation to businesses, these issues may arise as due to the practises or operations of companies. In relation to the banking sector, these issues may arise as a result of the financing or other financial services given to certain companies by banks. In this regard, it is imperative to for banks to consider the existence of any salient community issues before the provision of financial services or products to companies in their area of operation. Essentially, it is imperative to examine if the Turkish banking sector is considering community issues in the provision of financial products and services, and this will consider if the bank has policies on activities that have an impact on society such as human rights policies and access to needs. It will also consider if the bank conducts philanthropic/charitable activities and donations. Finally, it will consider if the bank engages or consults with communities.

Corporate governance

Corporate governance has been defined as the manner in which companies are directed and controlled. Corporate governance also looks at the conduct of individuals who govern a company. Board of directors are responsible for the governance of a company and they are appointed by shareholders. In this regard they hold a fiduciary duty to shareholders. It is therefore imperative to consider how the Turkish banking sector addresses corporate governance and this will consider the bank disclosures on board composition and accountability. It will also consider if the undertaking has a policy on remuneration and disclosures of shareholder information/rights.

Table 2.

Scoring Criterion of the CSR Fields and Issues.

0	**0.25**	**0.5**	**1**
No bank policy or other sources of information addressing CSR disclosure, business ethics and product responsibility, labor issues, environment, community issues and corporate governance.	A general bank policy or other sources of information containing data on CSR disclosure, business ethics and product responsibility, labor issues, environment, community issues and corporate governance.	A publicly disclosed policy addressing CSR disclosure business ethics and product responsibility, labor issues, environment, community issues and corporate governance.	A publicly disclosed bank policy that explains in full detail how the bank address CSR disclosure, business ethics & product responsibility, labor issues, environment, community issues and corporate governance, and takes the board of directors, different management levels and all employees into account.

Source: Weber et al (2014)

CHAPTER IV

Findings and Discussion

Findings

It is imperative now to engage with the CSR policies of the ten largest banks in Turkey and examine how they are addressing CSR reporting/ disclosure, business ethics and product responsibility, labour issues, employment, community issues and corporate governance. The examination of these CSR policies will start with:

Türkiye İş Bankası

Türkiye İş Bankası was founded in 1924 by the Turkish government after the collapse of the Ottoman Empire. At the inception of the bank 25% of the shares were held by the Turkish State and the rest by private investors. The bank initially started with two branches and 37 staff headed by Celâl Bayar. The bank had initial capital of one million Turkish Lira and by 1927, the bank merged with the National Credit Bank. The shares which were owned by the Turkish state were sold in 1988 to national and international investors through a public offering. The bank is also listed on the Borsa İstanbul, which is the Turkish stock exchange. Additionally, the bank is also listed on the London Stock Exchange. Türkiye İş Bankası is the largest bank in Turkey based on asset size.

CSR Reporting

The bank has a Disclosure Policy which is aimed at providing required information and disclosures, other than trade secrets, to the shareholders, investors, employees, clients, creditors and other related parties. The bank does not have a policy clearly indicated as CSR policy; however, it communicates how it addresses CSR issues such as the environment, responsible products and services, and social impacts of its investments through different policies. For instance, the bank has an Environment and Social Risk Management in Lending policy, a Responsible Products and Services policy, Environmental Impact, Climate Change and Sustainability policy as well as an annual climate change report.

In addition to this, the bank discloses on compliance with the Sustainability Principles Compliance Framework which are basic principles that require companies in Turkey to explain how they address environmental, social and governance issues while carrying out their business activities. The bank also discloses reporting compliance with the Corporate Governance Principles established by the Turkish Capital Market Board. The Corporate Governance Principles are aimed at developing corporate governance applications and integrating Turkish capital market to the global markets. Turkish the corporations have to state whether they comply with these principles or not. Furthermore, the bank's 2021 Annual Report complies with the Global Initiative Reporting (GRI) which requires companies to communicate their impacts on issues such as climate change, human rights and corruption. Also, the annual report of the Türkiye İş Bankası reports on two key CSR issues, namely employees and corporate governance. The annual report is also externally verified by two international independent auditing firms KPMG and Ernst and Young (EY).

Business ethics and product responsibility

Türkiye İş Bankası's 2021 Annual Report states that the bank complies with business ethics principles and adopted the Principles of Banking Ethics published by the Banks Association of Turkey in 2001. In addition to this, the annual report addresses bribery and corruption and indicates that the bank has Anti-Bribery and Anti-Corruption Policy, however, the bank does not seem to have a policy on competition, insider trading and money laundering. The bank also has a customer satisfaction policy that addresses customer satisfaction monitoring and quality policy, however, the quality policy does not make mention of quality certification. The bank's Ethical Principles and Code of Conduct provides reporting channels through the ethics line which contains a mobile phone number, an email address as well as a physical mail address.

Labour issues

Türkiye İş Bankası does not have stand-alone policies on non-discrimination and diversity per se; however, the bank's Human Rights and Human Resources policy as well as the Gender Equality policy addresses non-discrimination of employees and diversity. In addition to this, the bank's 2021 Annual Report states that the bank puts in place practices that emphasize diversity for employees and prohibits discrimination. Although the bank's annual report and Occupational Health and Safety policy speaks of occupational health and safety of employees as well as working conditions, there is no certifications of health and safety of employees or contractors. The bank states in its Human Rights and Human Resources policy that it is in compliance with international labour norms for employees and contractors such as the basic principles of International Labour Organization especially concerning the rights at work.

Environment

The bank has environmental policies including procurement, position statement on climate change, targets and programs and data on GHG and other air emissions of operations and products. These policies include Environment and Social Risk Management in Lending policy, Environmental Impact policy, Combating Climate Change policy and Sustainability policy. It also has an annual climate change report. The bank's Combating Climate Change policy contains targets of reducing emissions arising from the bank's operations by 38% in 2025, 65% in 2030, and becoming carbon-neutral in 2035. In addition to this, the bank also targets to reduce the environmental impact, for instance the bank's Environmental and Social Risk Impact policy states that it takes measures for the prevention and/or minimization of negative environmental arising from its operational activities. The policy also states that the Bank commits to reduce its negative impacts on environment.

Furthermore, the bank states that it has programs to increase the use of environmentally friendly products such as the 'Environmental and Social Management Plan' and 'Environmental and Social Action Plan' with the aim to support environmental investments for renewable energy, energy efficiency, recycling and waste reduction. Also, the bank provides detailed environmental examination of loans, credits or mortgages through its Environment and Social Risk Management in Lending policy; and states that it will not finance certain activities that have a negative impact on the environment such as “new coal mining investments, gold mining conducted by using cyanide, transportation of oil and other hazardous substances via tankers that do not comply with the requirements of International Maritime Organization (IMO) and loans for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation.” This exclusion seems to meet the Socially Responsible Investment (SRI) criteria.

Community issues

Türkiye İş Bankası has a human rights policy in the form of the Human Rights and Human Resources policy. The bank does not seem to have a position statement on access to basic needs, or guidelines and programs for engagement or consultation with communities per se, however, it states in its 2021 Annual Report that it conducts stakeholder dialogue through social media platforms, regular investor presentations, analyst and investor days and general assembly, as well as material disclosures published on a per need basis. The bank conducts philanthropic activities and charitable donations as evidenced by its Donation and Contribution Principles aimed at regulating the banks charitable donations on issues related to education, health, culture, art, scientific research, environmental protection, sports and similar social issues.

Corporate governance

Türkiye İş Bankası’s website provides for the board composition and has a Board Diversity Policy aimed at ensuring diversity in the Board of Directors. Additionally, the bank has remuneration policy aimed at to ensuring that the Bank's remuneration practices are planned, executed and managed appropriately. The bank also has a Corporate Governance Compliance Report which contains disclosures and shareholders rights.

Halkbank

Halkbank was founded in 1938 as a credit union cooperative bank which provided loans through public funds until 1950 when it opened different branches and started providing loans to the general public. In 1968, the ownership of the bank changed as it was acquired by the Turkish State, and by 2001 Halkbank had absorbed failed state banks such as TÖBANK, Sümerbank and Etibank. In 2004, the bank merged with Pamubank which improved the bank’s retail banking capacity and 25 per cent of the bank was privatised in 2007 through a public offering and the shares were listed on the Istanbul Stock Exchange. The structure of the bank has remained the same till date. Halkbank is the second largest bank in Turkey based on asset size.

CSR Reporting

The bank has a CSR policy that is on its website and in addition to this, the bank also other policies that may fall within the ambit of CSR such as the Sustainability Policy, Environmental Policy and Human Rights and Human Resources policy. The bank’s CSR policy on its website reports philanthropic activities of the bank such as provision of academic scholarships, supporting Small and Medium Enterprises (SMEs) and social clubs. The bank’s CSR also reports that the bank gets involved with other philanthropic activities such as projects for the disabled people and seeks to increase the literacy rate in Turkey. Halkbank reports on the environment through a separate Sustainability policy, Environment policy on its website. Furthermore, the bank also has a Disclosure Policy and Halkbank’s 2021 Annual Report discloses the bank’s CSR activities through philanthropic activities. In addition to this, the annual report also states that the reporting complies with the Sustainability Principles Compliance Framework. Furthermore, the bank’s annual report is independently verified by the international auditing firm Deloitte. Also, the bank’s corporate governance is externally rated by JCR Eurasia Rating.

Business ethics and product responsibility

Halkbank has an Anti-Bribery and Anti-Corruption policy which is aimed at promoting compliance with anti-corruption and anti-bribery legislation in Turkey. The bank's Code of Ethics also mandates employees to comply with the Anti-Bribery and Anti-Corruption policy. In addition to this, the Code of Ethics addresses competition; mandating bank employees not to act in a way that would contravene Turkey's competition law including actions that may amount to collusion or deemed manipulative. The Code of Ethics also prohibits insider trading and states that bank employees may not use information obtained during their duties for personal gain. Additionally, Hallbank has a Compliance Policy on Anti-Money Laundering and Combatting the Finance of Terrorism aimed at addressing money laundering. Furthermore, the bank provides an email address as a reporting channel for violation of the Code of Ethics, however, it seems that this reporting channel is only available to bank employees. In addition to this, the bank's Human Rights and Human Resources policy provides an email address as a reporting channel for all stakeholders. The bank's 2021 Annual page 116 provides for customer satisfaction monitoring. In addition to this, the bank has quality certifications for its environmental and energy management system.

Labour issues

Halkbank has a Human Rights and Human Resources policy which speaks of non-discrimination of employees and diversity. It is not clear if the bank has diversity programs, but provides a commitment to diversity in its Human Rights and Human Resources policy. Although this policy also addresses the health and safety of employees, there are no health and safety certifications for employees and contractors. Halkbank's Human Rights and Human Resources policy addresses working conditions and indicates that it is in compliance with international labour norms for employees.

Environment

Halkbank has an Environmental Policy which makes a commitment to minimize the environmental impacts and air emissions caused by the bank. The bank's environmental policy is a component of its Sustainability Policy which is a position statement on climate change but does not include targets on emissions, use of natural resources or environmental impacts in general. The bank's Sustainability Policy makes a commitment to providing environmentally friendly products but it seems there no programs to that effect. The bank's Energy Policy states it has set targets on energy consumption but it seems there is no evidence of this. In fact, in its Carbon Disclosure Project (CDP) Climate Change Report, the bank indicates that it has not been providing emissions for the past years. The bank's 2022 CDP Climate Change Report indicates that the conducts environmental examination of provision of finance. It is not clear if the bank manages assets based on SRI criteria.

Community issues

Halkbank has a policy on human rights under the Human Rights and Human Resources Policy; however, it does not have a position statement on access to basic needs. The bank's 2021 Annual report page 114 provides for the bank's philanthropic activities. The bank also has a policy on Donations and Aids which also provides for the bank's charitable and philanthropic activities. Although it is unclear if Halkbank has guidelines or programs for engagement or consultation with communities, the bank's 2021 Annual Report states that page 105 provides that the bank engages with banks through workshops and surveys.

Corporate governance

The bank's website under corporate governance provides for the board composition and different board committees for accountability. The bank also has a Corporate Governance Report which provides for bank's board composition. Additionally, the bank has remuneration policy which speaks of fairly rewarding bank personnel among other things. The bank's 2022 Corporate Governance Report provides information on shareholder rights.

Vakifbank

Vakifbank was established in 1954 as bank which managed the assets of foundations and offered an Initial Public Offering (IPO) of 21% of its shares at the Istanbul Stock Exchange Market in 2005. By 2005 the bank was a fully commercial bank and at the time of the IPO, Vakifbank was the fifth largest bank in Turkey in terms of asset size. Since then the bank has established branches in Austria, Bahrain, Germany, New York and Qatar. The bank also operates in Iraq and the United States and has 939 branches as of 2021. Currently, Vakifbank is the third largest bank in Turkey based on asset size.

CSR Reporting

Vakifbank has a CSR policy on its website and the policy is anchored on philanthropic causes such as education, culture and sport. In addition to this, the bank also has Sustainability policies that address the environment and the society at large which include its Environmental Management policy. Furthermore, Vakifbank has a Disclosure Policy which obligates the bank to disclose necessary information to stakeholders and the bank discloses on its website that it is externally rated by Moody's. The bank's 2021 Annual Report Annex 11 states that the bank complies with the Global Reporting Initiative (GRI) and Annex 7 gives the bank's Corporate Governance Compliance Report. Additionally, Annex 8 of the bank's 2021 Annual Report communicates progress on the implementation of the UN Global Compact by the bank. Vakifbank's 2021 Annual Report is externally verified by BSI, a standards, assessment and certification body. Finally, Vakifbank's 2021 Annual Report is externally audited by the auditing firm EY.

Business ethics and product responsibility

Vakifbank has an Anti-Bribery and Corruption which extends to all bank employees including shareholders, subsidiaries and affiliates of the bank as well as outsourcing companies and business partners. Equally, the bank has an Anti-Money Laundering Policy. The bank's Ethical Principles speaks to competition and states that it avoids statements and behaviours that may cause unfair competition. Additionally, the Ethical Principles provides for reporting channels in the form of a telephone number and an email address. The bank also as a Customer Satisfaction Policy and provides a reporting channel in this regard through a phone number and webpage. The bank monitors customer satisfaction and states in its 2021 Annual Report page 93 that it responded to 98% of submissions to the bank. Also, the bank's 2021 Annual Report page 92 and 93 speaks of quality assessment of the service provided to customers.

Labor issues

Vakifbank's Human Rights and Employee Rights Policy and Ethical Principles speak of non-discrimination and prohibit the discrimination of employees. Although the bank provides information on equal opportunity and diversity in its 2021 Annual Report page 106, it unclear if the bank has diversity programs for employees. In addition to this, the bank has health and safety certifications only for employees as alluded under page 108 of its 2021 Annual Report. Vakifbank's Human Rights and Employee Rights Policy speaks of working conditions and compliance with international labor norms only for employees such as those by the International Labour Organization.

Environment

Vakifbank has an Environmental Policy, a Sustainability Policy and an Environmental and Social Impacts Management Policy in Landing Processes which all constitute a policy positions on climate change. The bank's 2022 CDP Climate Report states that the bank has emissions targets and the Environmental Policy provides data on the reduction on the use of natural resources. Furthermore, the bank's 2022 CDP Climate Report page 55 also provides targets to reduce environmental impacts. Additionally, the bank's 2022 CDP Climate Report page 74 states that the bank has a Green Housing Loan, Environmentally Friendly Housing Loan and Eco-Friendly Vehicle Loan which enable clients to mitigate and adapt to climate change. The bank's Sustainable and Responsible Finance policy lists activities which have adverse impacts on the environment which the bank will not finance. Additionally, the bank's Environmental and Social Impacts Management Policy in Landing Processes states that the bank conducts environmental examination in the provision of finance. It is unclear if the bank manages assets according to the SRI criteria.

Community issues

The bank has a policy on human rights through its Human Rights and Employee Rights Policy and Ethical Principles. The bank also has a CSR policy on its webpage which constitute a position statement on philanthropic and charitable activities. The bank's 2021 Annual Report page 94 and 95 speaks on stakeholder engagement; however, this engagement does not extend to communities. Also the bank does not have position statement on access to basic needs.

Corporate governance

The bank has corporate information on its webpage includes the bank's board composition and accountability through various committees. The bank also has a Remuneration Policy and a disclosure on shareholder rights in its 2021 Corporate Governance Information Form.

Ziraat Bank

Ziraat Bank is the oldest bank in Turkey which was founded in 1863 and was initially called Homeland Funds. The bank was renamed to Ziraat Bankasi in 1888 which means Agriculture Bank. The bank was divided into two during the Greco-Turkish War between 1919 and 1922, and was reunited as single entity in 1923. Throughout the 1930s the bank supported Turkey's agricultural mechanization and received support through the U.S Marshall Plan. Since 1993, the bank has been active in Eastern Europe in countries such as Russia, Kazaksthan, Turkmenistan and Uzbekistan. The bank also opened a branch in Greece in 2008 and it is the fourth largest bank in Turkey based on asset size.

CSR Reporting

Ziraat does not seem to have CSR policy, although it has 2018 Sustainability Report which states that the bank has a CSR policy but this policy does not seem to be publicly available. Additionally, the bank has a Sustainability Policy which speaks of the bank's contribution to the community. In addition to this, the bank has a Disclosure Policy. The bank's 2021 Annual Report is audited by an eternal independent auditing firm Price Water Coopers (PwC). The bank's 2021 Annual in reported in compliance with the Global Reporting Initiative (GRI).

Business ethics and product responsibility

Ziraat Bank has an Anti-Money laundering, Countering Finance of Terrorism and The Proliferation of Weapons of Mass Destruction Compliance Policy. However, the bank does not seem to have policies on bribery and corruption. Additionally, the bank is silent on competition and insider trading. Furthermore, the bank does not have reporting channels, quality certifications or customer satisfaction monitoring.

Labor issues

Ziraat Bank does not have policies on non-discrimination or diversity programs for employees and there bank is silent on health and safety certifications of employees. Also, the bank is silent on working conditions. Although the bank has a Compliance Policy, this policy says nothing about complying with international labor norms for employees and contractors.

Environment

Ziraat Bank has a Sustainability Policy, the 2018 Sustainability Report and 2021 Annual Report constitute the bank's position statement on climate change. It is unclear if the bank has any emissions targets and programs, however, the bank's 2018 Sustainability Report page 58 and 59 has data on greenhouse gases and other air emissions of operations and products. Additionally, it is unclear if Ziraat bank has targets and programs to reduce the use of natural resources and environmental impact. The bank has a 2022 Sustainability Bond Allocation Report which seems to be a program for the use environmentally friend products. Although the bank claims to have Environmental and Social Impacts Management Policy in Landing Processes, this is not publicly available and therefore difficult to ascertain if the banks conduct environmental assessment in the provision of finance.

Community issues

Ziraat Bank does not have a policy on human rights and the bank's 2021 Annual Report page 39 indicates that the bank conducts philanthropic activities and conducts community engagement through CSR projects.

Corporate governance

The bank discloses information about its board on the bank webpage; however, the bank does not have a remuneration policy or disclosure on shareholder rights.

Akbank

As a privately held commercial bank founded in 1948, Akbank offered resources and assistance to the neighbourhood cotton producers. The bank opened its first branch in 1950 and had automated banking transactions by 1963. Akbank offered its first initial public offering in 1990 and second offering eight years later in 1998. Subsequently the bank started to trade on the international markets. The bank claims it has up to 19 million customers, 12 thousand employees and 711 branches. The bank is the fifth largest bank in Turkey based on asset size.

CSR Reporting

Akbank has variety of policies that touch environmental and social issues, and the bank's webpage under the heading 'Our Contribution to Society' discloses its CSR activities. Additionally, the bank has a Disclosure Policy which discloses the bank's activities to stakeholders. Furthermore, the bank's 2021 Annual Report page 102 states that the bank's reports comply with corporate governance principles. Additionally, the bank's reporting complies with the Global Reporting Initiative (GRI), Principles on Responsible Banking (PRI) and the UN Global Compact. Akbank's 2021 Annual Report is externally verified by the independent auditing firm PwC. The bank also has a Corporate Governance Compliance Report.

Business ethics and product responsibility

Akbank has a policy on Anti-Bribery and Anti-Corruption and the bank's Ethical Principles address insider trading. Additionally, the Ethical Principles address anti-competitive practices. The Ethical Principles also provide a reporting channel in the form of a telephone number and an email address. Moreover, the Ethical Principles address customer satisfaction and the bank's webpage commits to Anti-Money Laundering. It is unclear if the bank has quality certifications.

Labor issues

Akbank has a Diversity and Inclusion Policy which also addresses non-discrimination, however, it unclear from this policy if the bank has diversity programs for employees. Additionally, it is unclear if the bank has health and safety certification for the employees and contractors. The bank's Ethical Principles address working conditions; however, there is no commitment to comply with international labor norms from the bank.

Environment

The bank's Environmental Policy, Sustainable Finance Framework and E&S Risk Framework as well as the bank's 2021 Annual Report page 250 constitute the bank's position statement on climate change. The bank's 2021 Annual Report page 253 also provide the bank's targets to reduce environmental impact. Additionally, the bank's 2021 Annual Report page 253 to 265 provides data on the bank's greenhouse air emissions of operations and products as well as targets to reduce the use of natural resources. Furthermore, the bank's 2021 Sustainable Allocation Report provides for environmentally products, however, it is unclear if the assets are managed in line the SRI criteria. Finally, the bank's Environmental and Social Risk Framework conducts environmental examination for the provision of finance.

Community Issues

Akbank has a Human Rights Policy, however it is unclear if the bank has statement on access to basic needs. The bank also conducts philanthropic activities and charitable donations as evidenced by the bank's Donation and Contribution Policy. Additionally, the bank's Diversity and Inclusion Policy states the philanthropic activities the bank conducts. Furthermore, the bank's webpage titled 'Our Contribution to Society' details the bank's philanthropic activities. The bank does not seem to have any guidelines or programs for engagement or consult with communities, however, the bank's 2021 Annual Report page 153 states that the bank is working on engagement method/program with communities.

Corporate governance

The bank provides its board composition and accountability through board committees on its webpage. The bank also has a Remuneration Policy and discloses shareholder rights through its Corporate Governance Principles Compliance Report.

Garanti Bank

Garanti Bank was created in 1946 and the Koc Group and Sabanc Group bought it in the late 1970s. In the early 1980s, Koc Group then sold its half to Douş Group, who then fully owned Garanti Bank by 1983. The bank bought Osmanli Bank in 1996 after making its initial public offering in 1990. Garanti Bank and Körfezbank amalgamated in 2001. After being acquired by the Spanish bank Banco Bilbao Vizcaya Argentaria S.A., the bank changed its name to Garanti Bank BBVA in 2019 (BBVA). Shares of Garanti Bank are listed on the Borsa Istanbul exchange in Turkey, the UK, and the US. The bank is the sixth largest bank in Turkey based on asset size.

CSR Reporting

Garanti Bank has Corporate Social Responsibility Policy which communicates how the bank addresses CSR issues. The bank's 2021 Annual Report is externally verified by the independent auditing firm KPMG and JCR Eurasia Rating. Furthermore, the bank's Annual Report complies with Turkey's Corporate Governance Principles. The bank's reporting in its Annual Report complies with international report standards such the Global Reporting Initiative (GRI).

Business ethics and product responsibility

Garanti Bank has an Anti-Corruption Policy Statement, a Competition Policy Statement which addresses competition. Additionally, the bank's Code of Conduct prohibit insider trading and the bank also has an Anti-Money Laundering Policy which addresses money laundering. Moreover, the bank has a reporting channel in the form of an email address and phone number. Garanti's 2021 Annual page 68 states that the bank conducts customer satisfaction monitoring. It seems the bank does not have quality certification.

Labor issues

The bank’s Human Resources Policy prohibits discrimination of employees. This is also echoed in the bank’s Code of Conduct. The bank has a Suitability and Diversity Policy which speaks of diversity for the bank’s board of directors. Additionally, the bank’s Code of Conduct speaks of diversity and inclusion of employees, however, the bank doesn’t seem to have diversity programs for employees. Similarly, the bank’s Code of Conduct and the Human Resources Policy address health and safety of employees, however, it seems there are no health and safety certifications for employees and contractors. Furthermore, the Code of Conduct speaks of working conditions but stops short of detailing compliance with international labor norms for employees and contractors.

Environment

Garanti Bank has various policies which constitute its position statement on climate change such as the bank’s Environmental Policy, Sustainability Policy, Environmental and Social Loan Policies and the Climate Change Position Statement & Action Plan. Garanti Bank’s Environmental Policy states that it seeks to keep under control the direct environmental impact caused by its in-house operations and keep under control the environmental impacts of the loans it provides. The bank’s Sustainability Policy states that it will support its clients’ transition to an environmentally sustainable business models. Furthermore, the Sustainability Policy states that Also, the Sustainability Policy provides that the bank will reduce its own carbon emissions through its operations. The bank’s Environmental and Social Loan Policy includes activities that the bank will not finance such as fishing activities and commercial activities that adversely impact biodiversity and the environment. The bank’s Climate Change Position Statement & Action Plan alludes to the fact that the bank charges a shadow price on carbon which a fee the bank charges to companies and projects that have adverse impact on the environment due to carbon emissions. The bank states that this fee will allow the bank to finance sustainable projects such as renewable energy investment. Garanti Bank also recognizes the impact that climate change has had on water supply in Turkey. It is unclear if the bank has any emissions targets or if assets are manged in line with the SRI criteria.

Community issues

The bank has a Human Rights Policy; however, the bank does not have a position statement on access to basic needs. Additionally, the bank has CSR Policy which indicates its philanthropic activities as well as its Donation and Contribution Policy which is evidence of the bank's charitable donations. Although the bank does not have guidelines on community consultation or engagement, the bank's webpage on Stakeholder engagement and its 2021 Annual Report page 71 indicates that the bank engages with different stakeholders including communities.

Corporate governance

The bank discloses its board composition and accountability on its website. The bank also has Compensation Policy and an Employee Compensation Policy which constitute a Remuneration Policy. Although the bank has a Corporate Governance Principles Compliance which discloses shareholder information, it is unclear if this information relates to shareholder rights.

Yapi ve Kredi Bank

Yepi ve Kredi, a private bank with a concentration on retail banking, was founded in 1994 and merged with Koçbank in 2006. The bank has been in business for 28 years, making it comparatively newer than the other institutions in our research. The bank is the seventh largest bank in Turkey based on asset size.

CSR Reporting

Yepi ve Kredi communicates its CSR issues on it webpage tiled Corporate Social Responsibility. The bank's 2021 Annual Report is externally verified by the independent auditing firm PwC and the reporting complies with Turkey's Corporate Governance Principles and international reporting standards such as the Global Reporting Initiative (GRI).

Business ethics and product responsibility

The bank has an Anti-Bribery and Anti-Corruption Policy. The Bank's Code of Ethics and Business Conduct addresses competition, insider trading and money laundering. The Code of Ethics and Business Conduct also has reporting channel in the form of telephone number and an email address. Additionally, the bank's 2021 Annual Report page 162 provides for customer satisfaction monitoring, however, it remains unclear if the bank has any quality certifications.

Labor issues

The bank's Code of Ethics prohibits discrimination and constitutes the bank's policy on non-discrimination. Although the bank's Human Rights Policy addresses diversity, it seems the bank does not have a program for diversity of employees. Additionally, the bank's 2021 Annual Report page 175 speaks of health and safety, the bank also has an Occupational Health and Safety Policy which addresses health and safety. Despite these policies, the bank does not seem to have health and safety certifications for employees and contractors. The bank's Human Rights Policy also addresses working conditions and commits to comply with international labor norms for employees.

Environment

Yapi ve Kredi Bank in relation to the environment has an annual Sustainability Report, Climate Change Programme, a Water Security Programme and an Environmental and Social Policy. The bank's Environmental and Social Policy posits that the bank commits to minimize its impact on the environment. The bank also states that it seeks to promote "Switching to low carbon economy by developing environment-friendly products" (Yapi ve Kredi Bank, 2022). The policy also states that the bank will not finance activities that have adverse impact on the environment such as new coal mining projects and new coal fired power plants projects. Additionally, the bank will not finance activities manufacture or trade in chemicals that have an adverse impact on the environment such as polychlorinated biphenyls and forbidden pesticides, insect repellants or ozone-depleting substances. Furthermore, the policy alludes to the fact that the bank will not finance fishing activities that have an adverse impact on biodiversity. The bank's Climate Change Programme also include the bank's data on goals and targets. However, it unclear if assets are manged in line with the SRI criteria.

Community issues

The bank has a Human Rights Policy, however, it seems the bank does not have a positions statement on access to basic needs. The bank has a Donation and Sponsorship Policy which indicates that the banks partakes in philanthropic and charitable activities, however, it seems the bank does not have any guidelines or programs for consultation or engagement with communities.

Corporate governance

The bank provides information on board composition on its webpage. The bank also has a Remuneration Policy and although, the bank discloses shareholder information in its Corporate Governance Compliance Report, there is no information shareholder rights contained in the report.

QNB Finansbank

The private bank Finansbank was established in 1987, and its stock went public in 1990. In 1994, the bank joined the retail banking industry, and in 1999 it launched its first credit card. The bank bought more banks in Switzerland, France, the Netherlands, Russia, and Romania between 1991 and 2000, becoming to become the largest Turkish bank overseas. The largest bank in Greece, the National Bank of Greece (NBG), purchased the bank in 2006. In 2016, the largest bank in Qatar, Qatar National Bank S.A.Q (QNB Group), acquired the bank and renamed it QNB Finansbank. There are 440 branches and 11,000 employees at the bank and it is the eighth largest bank in Turkey.

CSR Reporting

The bank does not have CSR Policy but communicates how it addresses CSR issues in its 2020 Sustainability Report page 35. The bank's 2021 Annual Report is externally verified by PwC, an independent auditing firm. The reporting on corporate governance complies with Turkey's Corporate Governance Principles. The bank's reporting is in line with international reporting standards such as the Global Reporting Initiative (GRI).

Business ethics and product responsibility

The bank has an Anti-Bribery and Corruption Policy and the bank's Employee Code of Conduct Procedure prohibits insider trading and provides a reporting channel in the form of an email and address and a phone number. The bank does seem to have a policy that addresses competition. The bank has guidelines on anti-money laundering which constitutes the bank's policy position on money laundering. The bank's 2020 Sustainability Report page 16 addresses customer satisfaction monitoring, however, similar to the trend of the banks in this study it is unclear if the bank will has quality certifications.

Labor issues

The bank's Employee Code of Conduct Procedure prohibits discrimination and constitutes the bank's policy position on non-discrimination. The bank's 2020 Sustainability Report page 32 addresses diversity and the report indicates that the bank has diversity programs for employees. The does not have health and safety certifications for employees and contractors. The bank's Employee Code of Conduct Procedure addresses working conditions, however does not commit to complying with international labor norms for employees and contractors.

Environment

QNB Finansbank addresses climate change through its Sustainability Policy and Environmental and Social Risk Management Policy. The bank's Sustainability Policy states that "We will set targets to minimize the carbon emissions associated with our operations and improve resource efficiency" (QNB Finansbank, 2022). The bank also alludes to the fact that they have adopted sustainable finance as its contribution to address climate change. The bank's Enviromental and Social Risk Management Policy states that the bank will "Not knowingly finance projects or engage in business activities which are illegal, or likely to create adverse, irreversible and detrimental effects on environment and society" (QNB Finansbank, 2022). QNB Finansbank states that it will not finance fishing activities that have an adverse impact on biodiversity and chemicals that have an adverse impact on the environment such as polychlorinated biphenyls and other ozone-depleting substances. It is unclear if the assets under the bank's management under managed in line with SRI criteria.

Community issues

The bank does not have a standalone human rights policy like many banks in this study but addresses human rights in its Sustainability Policy. Additionally, the bank does not have position statement on access to basic needs. The bank's 2020 Sustainability Report page 35 communicates the bank's philanthropic activities. Although the 2020 Sustainability Report documents how the bank conducts stakeholder engagement, this engagement doesn't seem to include communities.

Corporate governance

The bank discloses it board composition on its webpage. The bank does not have a Remuneration Policy and discloses shareholder information including shareholder rights in its Corporate Governance Report.

Denizbank

Of the ten banks that were studied in this study, Denizbank is the newest. Zorlu Holding's acquisition in 1997 resulted in the establishment of the bank. The bank was purchased by Dexia, a prestigious European financial organization, in 2006. Sberbank later purchased the bank in 2012, and then Emirates NBD did so in 2019. The bank has 15 million clients and 717 branches. The bank is the ninth largest bank in Turkey based on asset size.

CSR Reporting

The bank communicates how it addresses CSR issues on its webpage and the bank’s 2021 Annual Report is externally verified by the independent auditing firm Deloitte. Additionally, the bank’s annual report is rated by two independent ratings firms; Moody’s and Fitch Ratings. The bank’s reporting does not seem to comply with the Global Reporting Initiative (GRI) and the bank complies with Turkey’s Corporate Governance Principles.

Business ethics and product responsibility

Although the bank claims in its Corporate Governance Report that it has an Anti-Bribery and Corruption Policy, this policy does not seem to be publicly available. The bank’s Ethical Principles addresses competition by committing to avoid unfair competing between banks. Although the bank has an information policy which addresses insider information and Ethical Principles which prohibit information abuse, it does not explicitly prohibit insider trading. Additionally, the bank’s Ethical Principles address money laundering. The Ethical Principles do not provide a reporting channel and neither is it clear if the bank has quality certifications. Although the bank’s Sustainability Policy states that the bank aims to ensure continuous customer satisfaction, the bank does not seem to conduct customer satisfaction monitoring.

Labor issues

Denizbank has a Sustainability Policy which speaks to provision of equal opportunities and addresses non-discrimination of employees. The policy also addresses working conditions; however, the bank does not commit to comply with international labor norms. Furthermore, it is unclear if the bank has diversity programs for employees or has health and safety certifications for employees and contractors.

Environment

Denizbank has a Sustainability Policy, Direct Environmental and Social Impacts Policy, a Policy on Environmental and Social Impact on Lending which constitute the bank’s policy position on the environment. However, these policies and reports do not contain data on the bank’s greenhouse emissions or other emissions due to the bank’s operations. The bank's Direct Environmental and Social Impacts Policy aims to reduce the bank's environmental impacts. Although the bank states that it seeks to pursue "the development of special-themed products and services that offer environmental, social and economic contributions to the development of sustainable finance and strives to shape its relevant product offers according to the needs of the society" it remains unclear if it has an programs to increase the use of environmentally friendly products. Finally, the bank's Policy on Environmental and Social Impact on Lending states that the bank conducts environmental assessment in the provision of finance. There bank does not seem to manage assets in line with the SRI criteria.

Community issues

The bank has a Sustainability Policy which addresses human rights, however, it does not have a position statement on basic needs. Additionally, the bank's Social Responsibility webpage details it philanthropic activities and donations. However, it is unclear if the bank consults or engages with communities.

Corporate governance

The bank provides information on board composition and accountability on its website. However, the bank does not have Remuneration Policy but it discloses shareholder information including shareholder rights in its Corporate Governance Report.

Türk Ekonomi Bankası

Private bank Türk Ekonomi Bankasi was established in 1927, and in 2005 the two companies formed a strategic alliance. One of the earliest Turkish banks to invest in mobile banking was TEB. The CEPTETEB platform, a mobile application that debuted several breakthroughs not only in the Turkish banking industry but also around the world when it was published in 2008, served as the foundation for the bank's efforts in this business line. Türk Ekonomi Bankasi is the tenth largest bank in Turkey based on asset size.

CSR Reporting

The bank reports how it addresses CSR issues through its CSR Strategy on its website and the bank's 2021 Annual Report is externally verified by an independent auditing firm Deloitte and rated by the rating agency Moody's. The bank's reporting complies with international reporting standards such as the Global Reporting Initiative (GRI), however, it is unclear if the bank's reporting complies with the Turkey's Corporate Governance Principles.

Bussiness ethics and product responsibility

The bank does not have a policy on bribery and corruption. The bank's Ethical Principles prohibit insider trading and money laundering but is silent on competition. The Ethical Principles do not provide a reporting channel. The bank has a Quality Policy which addresses quality certifications. It is unclear if the bank monitors customer satisfaction.

Labor issues

The bank's Ethical Principles prohibits discrimination and the bank's 2018-19 Sustainability Report page 46 address discrimination, however, the bank does not seem to have a program to advance diversity of employees, nor does it have health and safety certifications for employees and contractors. The bank's Ethical Principles addresses working conditions but does not commit to complying with international labor norms.

Environment

The bank has Environmental Policy and an Environmental and Social Risk Management Policy and the bank's 2018-19 Sustainability Report page 80 provides data on the bank's greenhouse emissions or any air emissions as a result of the bank's operation. Additionally, the Sustainability Report provides data on the reduction of environmental impacts and the use of natural resources. Furthermore, Sustainability Report provides programs to increase the use of environmentally friendly products such as Green credit. Additionally, the bank's Environmental and Social Risk Management Policy seems to suggest that the bank conducts environmental assessment in the provision of finance. However, it is not clear if the bank manages assets in line with the SRI criteria.

Community issues

Although Türk Ekonomi Bankasi does not have a human rights policy or a position statement on access to basic needs, the bank's 2018-19 Sustainability Report page 70 address human rights. Additionally, the bank' CSR Strategy indicates that the bank has philanthropic activities, and the bank's 2018-19 Sustainability Report page 70 details programs for engagement with communities.

Corporate governance

The bank's website provides information on board composition; however, the bank does not have remuneration policy or provide disclosure on shareholder rights.

Table 3.

Scores Acquired by Banks in Each Field.

Bank Name	Reporting	Business ethics & product responsibility	Labor issues	Environment	Community issues	Corporate governance	**Total**
Türkiye İş Bankası	0.5	0.5	0.5	1	0.5	1	**4**
Halkbank	1	1	0.5	0.5	0.5	1	**4.50**
Vakifbank	1	1	0.5	1	0.5	1	**5**
Ziraat Bank	0.25	0.25	0	0.25	0.25	0.25	**1.25**
Akbank	1	0.5	0.5	1	0.5	1	**4.50**
Garanti Bank	1	1	0.5	1	0.5	1	**5**
Yapi ve Kredi Bank	1	1	0.5	1	0.5	0.5	**4.50**
QNB Finansbank	1	0.5	0.5	1	0.25	0.5	**3.75**
Denizbank	1	0.25	0.25	0.25	0.25	0.5	**2.50**
Turk Ekonomi Bankasi	1	0.25	0.25	1	0.5	0.25	**3.25**

The scores in **Table 4.1** have been assessed using Weber et al (2014) scoring criteria on six social issues. Where a bank in the table scores **0**, it means that the bank has no policy or other sources of information addressing CSR disclosure/reporting, business ethics and product responsibility, labor issues, environment, community issues and corporate governance. Where a bank in the table scores **0.25**, it means that the bank has a general bank policy or other sources of information containing data on CSR disclosure/reporting, business ethics and product responsibility, labor issues, environment, community issues and corporate governance. Where a bank in the table scores **0.5**, it means that the bank has a publicly disclosed policy addressing CSR disclosure/reporting, business ethics and product responsibility, labor issues, environment, community issues and corporate governance. Where a bank in the table scores **1**, it means that the bank a publicly disclosed bank policy that explains in full detail how the bank address CSR disclosure/reporting, business ethics & product responsibility, labor issues, environment, community issues and corporate governance, and takes the board of directors, different management levels and all employees into account.

The total social issues in the table are six with a maximum of 1 score per issue and minimum of 0 per issues, therefore a bank that scores 6 out 6 is regarded as having an excellent CSR performance; a bank that scores 5 out 6 is regarded as having a very good CSR performance; a bank that scores 4 out 6 is regarded as having a fair CSR performance; a bank scoring 3 out 6 is regarded as having an average CSR performance; a bank scoring 2 out of 6 is regarded as having a weak CSR performance; a bank scoring 1 out 6 is regarded as having a poor CSR performance and finally a bank scoring 0 out 6 is regarded as having a very poor CSR performance. In this regard an ideal performance for the bank would be scoring 6 out of 6.

The leading banks that took first place in the above table scores were **Garanti Bank** and **Vakifbank** which scored **5** out of **6** and thus have a very good CSR performance. These banks was followed by three other banks with the same score such as; **Akbank**, **Halkbank** and **Yapi ve Kredi Bank** came second and all scored **4.5** out of **6** and are thus regraded as having a fair CSR performance. The banks that took third place were **Türkiye İş Bankası** which scored **4** out **6** and therefore had an average CSR performance despite the fact that it’s one of the oldest banks in this study, and **QNB Finansbank**, one of the youngest banks in the study which scored 3.75 out **6** and also had an average CSR performance. The bank that came fourth is **Turk Ekonomi Bankasi** which scored **3.25** out of **6** which still regarded as an average CSR performance. Fifth was **Denizbank** which scored **2.50** out of **6** which is regarded as a week CSR performance. The bank that took the last place was **Ziraat bank**, which scored **1.25** out of **6**. This is regarded as a poor CSR performance and this is despite the fact that Ziraat bank is the oldest bank in this study.

Table 4.

Rankings of Turkish Banks' Performance on CSR.

The full table of results

Excellent CSR Performance: 6 points		
None		
Very Good CSR Performance: 5 points		
Garanti Bank	Turkey	5
Vafikbank	Turkey	5
Fair CSR Performance: 4 points		
Akbank	Turkey	4.5
Halkbank	Turkey	4.5
Yapi ve Kredi	Turkey	4.5
Türkiye İş Bankası	Turkey	4
Average CSR Performance: 3 points		
QNB Finansbank	Turkey	3.75
Turk Ekonomi Bankasi	Turkey	3.75
Weak and Poor CSR Performance: 2-0 points		
Denizbank	Turkey	2.50
Ziraat Bank	Turkey	1.25

CHAPTER V

Discussion

Summary of Findings

The average score of the banks examined in this study is 3.8 out of 6 based on the six CSR issues used to analyse the bank's performance. This indicates that at least half of the six CSR issues are addressed by Turkish banks in this study. It seems the banks in the bottom five (those with an asset size of $59.6 billion or less) fared equally well in comparison with to the top five (those with an asset size of $61.9 billion and above) and this shows that a bank's asset size did not have an impact on the bank's CSR performance. This finding is contrary to the findings by other studies examined in this thesis which found that there was a correlation between bank size and CSR performance. In addition to this, banks examined in this thesis performed well in terms of CSR reporting/disclosure with only two banks namely Türkiye İş Bankası and Ziraat Bank failing to score a full score. Additionally, the banks performed well in addressing the environment with 70% of the banks scoring a full score in relation to how they address environmental issues.

In terms of business ethics and product responsibility, Turkish performed fairly well with at least 40% of the banks scoring a full score, 30% scoring half a score and the other 30% scoring quarter of a score. This entails that all Turkish banks in this study addressed business ethics and product responsibility in some form. Turkish banks seemed to struggle with labor issues and community issues, for instance, no of the banks score a full score on either labor or community issues with 70% of the banks scoring half a score. The most dismal performance was from Ziraat Bank which scored a zero, the only bank with such a low score in the whole study. Finally, it terms of corporate governance, 50% of the banks performed extremely well with a full score, 30% with half a score and 20% with quarter of a score.

A similar study conducted by the European Banking Institute which examined 117 banks that are directly supervised by the European Central Bank on April 1, 2019 including banks from Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain. The study found that similar to Turkish banks in this thesis, the European the banks´ reported commitments to the Sustainable Development Goals (SGDs) and the disclosed information on the extent to which climate-change related risks are integrated in the banks´ risk management framework for lending activities (EIB, 2019). Another study which looks at CSR performance in Sub-Saharan Africa seems to suggest that based on the findings of this thesis, Turkish banks are slightly over performing African banks, and Turkish banks are disclosing more information regarding CSR than African banks. Furthermore, a study that assessed the voluntary disclosure of Asia-Pacific banks suggests that CSR reporting is more improve in quality and quantity in the region on a purely voluntary basis compared to the CSR reporting of Turkish banks. For instance, Australian banks were found to have the best scores and Indian banks demonstrated better improvement compared to the findings in this study on the performance of the ten biggest Turkish banks. Finally, a study on CSR disclosure in the banking sector on different continents shows that banks located the American continent, including South America disclose more information in relation to CSR as opposed to Turkish banks in this thesis. This seems to support the premise that the disclosure of CSR by the banks is more detailed and prevalent according to the development indexes of the country where they operate.

CHAPTER VI
Conclusion

Results and Recommendations

It is imperative to examine if this research has answered the research questions. This thesis sought to answer to what extent do the CSR practices and policies of the ten largest Turkish banks seek to address the current social challenges faced by Turkey using a criteria of six social issues namely CSR reporting, business ethics and product responsibility, labor issues, the environment, community issues and corporate governance. The study found that the CSR practices and policies of the ten largest Turkish banks seeks to address the current social challenges faced by Turkey to some extent as the banks in the study were found to address at least half (3.8 out of 6) of the prominent/salient CSR issues that companies are facing companies across the globe. Secondly, this thesis sought to find out if there are any key performance indicators (KPI) that measure the effectiveness of the CSR practices and policies of the ten largest Turkish banks. The study found that the majority of Turkish banks did not regularly report on their CSR issues in their annual/sustainability/CSR reports and therefore did not have key performance indicators (KPI) that measure the effectiveness of the CSR practices and policies.

Furthermore, this thesis sought to find out if the ten largest Turkish banks benchmark their CSR practices and policies against other top performers in this field. The study found although a majority of the reported on their CSR activities in various places, none of the reporting included the benchmarking of CSR practices and policies against other top performers in the field. Finally, this thesis sought to find out if there was the employment of internationally recognized industry-standard measurements by the ten largest Turkish banks to measure the performance of their CSR practices and policies. The study found that the majority of Turkish banks employed internationally recognized industry-standard measurements such as the Global Reporting Initiative (GRI) and committed to upholding the international labor norms in their business practices.

Contribution to Theory

This study used the stakeholder theory as a theoretical framework. As alluded earlier in this study, the stakeholder theory is an organizational theory which accounts for different stakeholders or constituencies in the running of a business, these constituencies may include civil society organizations, employees, suppliers and business partners, communities in which the business operates and shareholders among others. The findings of this study suggest that the Turkish banks to some extent are taking account of different stakeholders or constituencies in the running of their business operations. For instance, the study examined six types of stakeholders namely shareholders, customers, employees, communities, civil society and policy makers. The study reveals that the average Turkish bank takes into account at least three out of six types of stakeholders or constituencies. These findings partly support key aspects of the stakeholder theory which alludes to the fact that all stakeholders have their own interests and each interest merits its own consideration in the running of a business. This also entails that Turkish banks are not taking into account at least half of all relevant stakeholders or constituencies in this study.

The stakeholder theory also states that business enterprises should endeavour to create value for all stakeholders affected or impacted by the realization of the business objectives. Subsequently, the theory posits that business managers ought to generate value for various stakeholders and not prioritize the interests of the shareholders over those of all stakeholders. However, the findings of this study do not indicate that Turkish banks are creating value for all stakeholders affected by their operations. As alluded above, it seems at least half of all relevant stakeholders are not being considered by Turkish banks. Additionally, there is no evidence that Turkish banks are creating value even for stakeholders they take into account. Furthermore, the stakeholder theory is based on the principles of fairness and reciprocity within stakeholder relationships. This aspect of the theory is most prominent on the engagement between the business and the community the business operates in or through engagement with civil society organisations. The results of the study show that the majority of the banks are performing fairly well in terms of community issues and thereby supports the stakeholder theory in the sense that this suggest there is a level of reciprocity within stakeholder relationships and Turkish banks.

This study has added value and hereby contributing to the stakeholder theory by highlighting key areas of CSR that the banking sector, particularly the Turkish banking sector ought to improve on and prioritise if it is to better CSR performance in the sector. Also, this study has added value by providing a comprehensive comparative analysis to Turkish bank managers on how their banks are performing compared to others banks in Turkish banking sector with similar asset-size and across different regions in Africa, Asia-Pacific, Europe and South America. In this regard, this study has contributed to the stakeholder theory by providing value to the banks in this study and scholars who may seek to research a similar or related topic.

Finally, this study reveals the role that CSR plays in the success of financial institutions and how it can be used to achieving the SDGs or the Global goals by 2030, therefore, it contributes to the limited literature on the interface between the SDGs, CSR and the financial sector. Secondly, this study extended literature by revealing how CSR and the Turkish financial can be better understood, for instance, this research alludes to how SDGs or Global goals can be used as framework to enhance CSR engagement. Thirdly, the findings from this study show the need for improvement of CSR performance by Turkish banks and therefore add to the growing literature on CSR and Turkish banks.

Contribution to Practice

Banks

The research recommends that Turkish banks create comprehensive CSR policies using the SDGs or Global Goals as a framework. Additionally, Turkish banks ought to consolidate how they address CSR issues in one place particularly addressing labor and community issues. Furthermore, Turkish banks should make it clear if assets under management are managed in line with the Social Responsible Investment (SRI) criteria within their CSR reporting. Finally, it is imperative for Turkish banks to track their CSR performance on a regular basis and this can be done through reporting and benchmarking their CSR performance in annual/sustainability/CSR reports. Finally, this can also be done through improving engagement with different stakeholders including communities in order to evaluate the effectiveness of the CSR policies and practices.

Board Members/Shareholders/Investors

Board members can use the findings of this study to set the Bank's strategy, scholars such as Moyo (2020) argue that it is imperative for board members to be knowledgeable of the major issues that are facing the company. Also, the Bank board can also use the findings of this study to increase the transparency of corporate governance of the Bank. Additionally, shareholders and investors can use the findings of this study to hold the board and the management of the Bank accountable on some of the social issues in which the Bank is lagging behind such as business ethics and product responsibility.

Customers

Bank customers can use the findings of this study to get an understanding how the Bank makes sure that products offered to them have been made responsibly. In addition to this, customers can also use these findings to increase their awareness of environmentally friendly products offered by the bank. Products aimed at assisting customers in the transition to sustainable environmental practices such as green financial products including loans, mortgages, bonds and other investments.

Employees

Employees can use the findings of this study to ascertain how their Bank protects them compared to other Banks, for instance, the findings of this study look at the health and safety of employees and whistleblowing channels and commitments made by banks in this regard. Furthermore, the bank considers if the Bank has committed internationally recognized international labor standards and norms. Through this information, employees will have a better understanding of how their rights are protected compared to other employers. Furthermore, this study also examines diversity issues within the bank. Employees are likely to get a better understanding especially female employee, of the chances of career development within their Bank compared to other banks.

Policy-makers

Policy-makers in Turkey can use the findings of this study to make more informed policies for the Turkish banking sector in relation to CSR. The findings reveal if there is need for more stringent rules to make sure that Banks take CSR more seriously in their operations. Although the Turkish banking sector has set an obligation on banks to report to some extent on CSR in the Corporate Governance Compliance Report, this has not been enough to ensure better CSR performance by the Turkish banking sector.

Civil Society

The findings of this bank can better assist Non-Governmental Organizations (NGOs) in engaging Turkish banks on key issues such as the environment and human rights. As alluded in the introduction of this study, NGOs have been lobbying banks to move away from fossil fuel finance and address human rights in the provision of finance. The findings of this study can help shade light on how Turkish banks are addressing fossil fuel finance through the environment section and if they consider human rights in the provision of finance through human rights policies. In essence, this study could be a tool used by civil society to hold banks accountable.

Community

The results of the study indicate an average to poor performance by Turkish banks in addressing community issues. These results can be used by communities in which banks have activities and society at large to hold banks accountable and demand better performance in addressing these issues.

Research shortcomings and Future Opportunities

This study has shortcomings, just like other studies of its kind. It should be noted that despite the research's efforts to collect information that was most pertinent to the study from the materials and resources at its disposal, it was necessary to use qualitative data that was gathered from bank websites and online journal articles from Google Scholar. Due to time constraints and the desktop nature of the study, actual interaction with the banks themselves was not possible during the course of this study; as a result, it is crucial that future studies interact with the banks directly when addressing a comparable research subject.

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NAER EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

04.11.2022

Dear Michelle Selemani

Your project **"An analysis of the Corporate Social Responsibility Policies of Turkish banks."** has been evaluated. Since only secondary data will be used the project does not need to go through the ethics committee. You can start your research on the condition that you will use only secondary data.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

AN ANALYSIS OF THE CORPORATE SOCIAL RESPONSIBILITY POLICIES OF TURKISH BANKS by Michelle Selemani (20206563)

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