LABOUR PRACTICES IN THE CONTENT OF CORPORATE SOCIAL RESPONSIBILITY: AN EVALUATION ON AUTOMOTIVE MANUFACTURER COMPANIES’ WEBSITES

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Abstract
Considering theoretical framework of Matten and Moon (2005, 2008) based on New Institutionalism and National Business System Approach, this research studied “explicit” CSR policies and practices of automotive manufacturer companies in Turkey. It was seen that automotive manufacturer companies composing sample group of the research focused on community involvement and development, environment and consumer issues rather than labour practices in the content of CSR. Disclosed labour practices were mostly related to individualistic practices rather than collectivist elements.

Key Words: Social Responsibility, Labour Management, Human Resources

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1. INTRODUCTION

There is an impressive history associated with the evolution of the concept and history of corporate social responsibility (CSR) (Carroll, 1999:268). Although it is stated that roots of the concepts and implementations could be traced back to prehistoric times (Yamak, 2007:10), generally works on its evolution start with 1950s and 1990s are defined with its popularity and development of similar
themes (Carroll, 1999). In 1990s, increasing number of corporate social responsibility reports, standards and code of conduct show the interest for CSR.

Numerous efforts could be seen for defining of CSR (Dahlsrud, 2006). Among them widely accepted and referred one is that of Archie Carroll (1979, 1991) who sees CSR as a construct relating to economic, legal, ethical and philanthropic areas of business-society relation (Matten and Moon, 2005). The main argument in CSR is related to its volunteer character. Although it is especially related to ethical and philanthropic responsibilities, Matten and Moon (2005) argues that it could also be applied to economic and legal responsibilities, because corporations could choose to fail to meet main responsibilities to the major stakeholders of companies including shareholders and employees.

Companies’ responsiveness to social and environmental issues has been explained by management and organization studies. In this regard, Lockett et al. (2006:133) points the dominant roles of stakeholder and institutional theories. Considering theoretical framework of Matten and Moon (2005, 2008) based on New Institutionalism and National Business System Approach, this research analyzed “explicit” CSR policies and practices of automotive manufacturer companies in Turkey. In the end, specific importance was given to understand “implicit” national and institutional contexts behind this “explicit” CSR policies and practices by focusing on labour practices.

2. EXPLICIT AND IMPLICIT CSR

Matten and Moon (2008:409) identify two distinct elements of CSR as the explicit and the implicit.

“Explicit CSR” refers to corporate policies assuming and articulating responsibility for some societal interests. It generally includes voluntary programs and strategies of corporations combining social and business value and addressing issues perceived as being part of the social responsibility of the company (Matten and Moon, 2008:409). In this regard, it can be response to stakeholder pressures and it may involve partnerships with governmental, non-governmental organizations and alliances with other corporations (Matten and Moon, 2008:409). The main point stated by Matten and Moon is the voluntary character of explicit CSR.
“Implicit CSR” stands for corporations’ role within the wider formal and informal institutions for society’s interests and concerns. It involves values, norms and rules that impose requirements for corporations to deal with stakeholder issues and defines obligations in collective (Matten and Moon, 2008:409). In this regard, while Matten and Moon (2008) accept the role of business associations in the definition and legitimization of these requirements, they point out the inability of individual corporations for articulating their own versions of responsibility.

Considering these differentiation, Matten and Moon (2008:410) state that companies practicing explicit CSR use the language of CSR in communicating their policies and practices to their stakeholders, while those practicing implicit CSR generally do not describe their activities.

2.1. Understanding the spreading of (explicit) CSR and New Institutionalism

Spreading of CSR or increasing explicit CSR policies and practices can be understood by theoretical framework of new institutionalism (Matten and Moon, 2008:411). New institutionalism (DiMaggio & Powell, 1983) states the homogenization of organizations through regulative, normative and cognitive processes across industries and national boundaries. The logic is that “legitimate” practices adopted by organization pave the way for organizational change and institutionalization. DiMaggio and Powell (1983) describe these processes as coercive isomorphism, mimetic processes and normative pressures.

- Coercive isomorphism: Externally codifies rules, norms and laws assign legitimacy to new management practices. In the case of CSR, governmental strategies and initiatives, self regulatory and voluntary initiatives, especially codes of conduct issued by the UN, the Organization for Economic Cooperation and Development (OECD), the International Labor Organization (ILO) and Global Reporting Initiative (Matten and Moon, 2008:411), SA8000 Social Accountability Standard and ISO 26000 Social Responsibility Guidance may cause isomorphism.

- Mimetic processes: In a business climate where there is high uncertainty and increasingly complex technologies, managers tend to consider “best practices” in organizational field as legitimate (e.g., business reengineering,
total quality management). Matten and Moon (2008) state the existence of similar trends in the case of CSR in Europe. In this context, MNCs are joining business coalitions for CSR (e.g., the U.K. Business in the Community, CSR Europe) and subscribing to CSR training programs (e.g., the U.K. CSR Academy). In addition, as a result of these memberships or guidance for CSR organizations, number of CSR reports have increased (Kolk, 2005) and UN Global Compact has more European members than U.S. Fortune 500 members (Matten and Moon, 2005; 2008).

- Normative pressures: Educational and professional authorities that directly or indirectly set standards for “legitimate” organizational practices. Matten and Moon (2008) argues that it is also helpful for understanding new explicit CSR. According to the research conducted in 166 leading business schools and institutions, CSR is studied at least as an option and often as a compulsory course (Matten and Moon, 2004). This trend paved the way for formation of the European Academy of Business in Society in 2002. Other professional associations (e.g., in HRM, accounting, supply chain management also exert normative pressures on business to adopt CSR (Matten and Moon, 2008:412).

New institutionalists are criticized to emphasize the global diffusion of practices and the adoption of these by organizations by paying little attention to how such practices are interpreted or ‘translated’ (Tempel ve Walgenbach, 2007:2). However corporations may engage in “ceremonial adaptation” (Meyer and Rowan, 1977) and could not internalize CSR policies and practices. In this regard, the NBS approach highlights how business continues to be influenced by the national institutional frameworks in which it is embedded and tends to play down the effects of transnational developments.

2.2. Understanding different (implicit) CSR systems and National Business System

Matten and Moon (2005:348, 2008:407) argues that differences in CSR can be explained by “national business systems” (Whitley, 1997). National business system (NBS) or societal effect approach (Maurice and Sorge, 2000; Maurice, Sorge and Warner, 1980; Sorge, 1991; Whitley 1998) shares key features with the varieties of capitalism approach distinguishing liberal market economies and
coordinated market economies (Hall and Soskice, 2001) along with specific social systems of production (Hollingsworth and Boyer, 1997).

European institutionalists emphasize the historically grown national institutional frameworks. Whitley (1998) identifies these frameworks as the political system, the financial system, the education and labor system and the cultural system. These institutional frameworks identify the nature of the firm, the organization of market processes and coordination and control systems (Whitley, 1998).

In this regard, Matten and Moon (2005:348) ground the implicit CSR on the basis of NBS. Supporting this approach, different implementations between US and Europe (Matten ve Moon, 2005; Vogel, 1992) and differences within Europe (Yamak, 2007; Habisch and Wegner, 2005; Lenssen and Vorobey, 2005) as a result of structural, cultural and institutional differences have been studied. Campbell (2007) also argues that relationship between basic economic conditions and corporate behaviour is mediated by several institutional conditions and defines these conditions as public and private regulations, the presence of nongovernmental and other independent organizations monitoring corporate behaviour, institutionalized corporate behaviour, relationships among companies and their stakeholders.

**Figure-I: CSR and Institutional Context of the Corporation**

Source: Matten ve Moon: 2008: 413.
Considering new institutionalism and NBS approach together, theoretical framework of Matten and Moon (2008) is shown in Figure 1.

3. METHODOLOGY OF THE RESEARCH

The data was collected from the automotive manufacturing industry in Turkey. The reason for concentrating on automotive sector is its higher level of employment together with the suppliers and its multiplier effect on the other sectors. It will also pave the way for generalization of the results and minimize the external effects (Küskü, 2001:157).

Sample group was composed of eleven members (Anadolu Isuzu, Ford Otosan, Honda Turkey, Hyundai Assan, Karsan, M.Benz Turkey, Otokar, Oyak Renault, Temsa Global, Tofaş, Toyota) of Automotive Manufacturers Association (OSD) (OSD, 2010). In this content regularly published CSR reports, if they are traded company their corporate governance compliance reports which are obligatory to publish, annual reports and website contents (CSR policy and activities, HR policy etc.) were evaluated.

The central research questions were:

- What are the attitudes of the companies towards CSR in general?
- What are the attitudes of the companies towards labour practices in the content of CSR specifically?

Answering the questions textual analysis will be undertaken via qualitative content analysis method (Belal, 2008). Research framework were designed through considering previous literature (Vuontisjarvi, 2006:272; Kujala, 2010; Clarkson, 1995; Basil, Debra Z. ve Erlandson, 2008) and subtitles were determined as CSR policy, CSR practices, labour practices and other findings.
4. CSR IN THE TURKISH AUTOMOTIVE MANUFACTURER COMPANIES

4.1. CSR policies

Although many of the companies have CSR related practices, it was realized that just Tofaş had CSR and sustainability policy. Tofaş pointed out its understanding as “Giving back to the community, and growing together with Turkey”. Tofaş also conducts corporate governance rating system and publishes rating reports on its website. Tofaş stated that their sustainability policy has been shaped by their main shareholder, Fiat Auto’s Corporate Social Responsibility perspective and Koç Holding’s social responsibility understanding and UN Global Compact signed by Koç Holding. In this regard, although obedience to law has been accepted as main necessity, they stated to realize organisational and societal initiatives. Human resources, investment for people, education, culture, art and environment were counted as the main areas. Although their names have not been mentioned, they claimed to respect the national and international standards. CSR practices have been stated as the part of their sustainability and company policies (Tofaş, 2009).

4.2. CSR practices

CSR practices of the companies focus on environment, education, culture-art, donations and sponsorship. Foreground activities can be counted as production of environmentally friendly products, trainings for environment, development of cooperation with the universities and technical high schools in the field of automotive sector, development of training programs, contribution for the technical infrastructure of education institutions and sponsorship for culture and art activities. Participation of the employees has been observed in some cases but voluntary intra-organisational activities have not been stated as CSR.

4.3. CSR and labour practices

All companies stated that they have human resources policy and practices. HR practices disclosed in the companies’ websites can be counted as employment process, qualifications for the candidates, HR systems, benefits for the employees (transportation, lunch, health insurance etc.) and social activities. Occupational
health and security has been disclosed as one of the most important issue. Training and career planning has been described as the other important issue. It can be said that “individualistic practices” rather than collectivistic ones have been disclosed. Companies have made references to the business groups (Anadolu Group, Koç Holding, Kiraça Holding) or transnational plants (Honda, Hyundai, Fiat Auto) they belong to.

4.4. Other findings

From 2005, it has been an obligation to publish the corporate governance compliance report (Ozguc, 2005) as required by Capital Markets Board of Turkey (CMBT). CMBT’s guideline suggests cooperation with the stakeholders and categorized these suggestions under seven headings. Human resources policy and social responsibility headings match with the our research subject. In this regard, five companies’ compliance reports and Temsa Global’s annual report were evaluated.

Generally it can be said that disclosures on the website shows coherence with these reports. Other findings were stated below:

- Anadolu ISUZU states that its HR policies are formed according to its business group, Anadolu Group, and in compliance with company contract, its social responsibility activities are performed by Anadolu Health and Social Aid Foundation. In the content of HR policies, Confederation of Progressive Trade Unions of Turkey (DISK) was stated as the authorized employee trade union and presence of workplace employee representatives was pointed out. Responsibility of employee representatives was determined according to the collective agreement between DISK and MESS (Turkish Employer’s Association of Metal Industries) (Anadolu ISUZU, 2009).

- Ford Otosan refers to Koç Group’s tenet of “Our most valuable capital is our human resources” as the essence of its human resources policy. They state the importance of “Business Life Assessment and Improvement Survey” distributed every year to measure employee satisfaction, loyalty and pinpoint areas for development. The company signed two years
agreement in September 2008 with blue colored personnel through MESS but employee trade union was not mentioned. Except union representatives, there is no other representative from the company appointed to manage employee relations. Human resources directorate conducts relations with the union. In the annual report, material and moral support for the education, health and environment related social responsibility project was declared. In this context, activities were classified under donations, renovations and social sponsorship (Ford Otosan, 2009).

- Karsan’s corporate governance principles and website had the same content for HR policy. In addition, human resource manager’s job description, who was assigned as the representative of employee relations, was presented. In the content of social responsibility, importance was given to environmental activities (Karsan, 2009).

- Otokar also refers to Koç Group’s HR policies for forming its HR policy. Social responsibility activities were stated as environmentally friendly vehicle production, custom designed trailers for one education foundation, afforestation activities and vocational high school project which was a joint initiative of Koç Group and Ministry of Education (Otokar, 2009).

- Tofaş’s HR and social responsibility policies were stated in detail compared to its websites. Tofaş became the first production and automotive company that invest in people in Turkey, by qualifying for the first and only international “Investor In People” certificate in 2007, took the best performance award in the area of “Employee Development” among the FIAT plants worldwide and Human Resource Management award of Personnel Management Association of Turkey (PER-YON) in the category of “Training and Development” in 2008 (Tofaş, 2009).

- Temsa Global, in its annual report under the heading of organizational development, were covered while contribution for industrial development and social responsibility were pointed out under same heading. In this content, cooperation with the universities and high schools in the area of automotive came into prominence. Trainings were also covered under the
heading of Human Resources and Training. Occupational health and safety was other aforementioned issue (Temsa Global, 2009).

5. CONCLUSION

It was seen that automotive manufacturer companies composing sample group of the research focused on community involvement and development, environment and consumer issues rather than labour practices in the content of CSR. Disclosed labour practices were mostly related to individualistic practices rather than collectivist elements. Therefore while employment process, trainings etc. were mostly disclosed, collectivist elements were limited to collective agreement. On the other hand, companies’ references to its business group or MNC show the importance of these actors for forming CSR policies and implementing practices. Some companies model practices could be related to its internalization process or organisational factors. Turkish business system, institutional arrangements and Turkey’s rich philanthropic past (Ararat, 2005; 2008) may explain the implicit factors leading these explicit CSR practices. For in depth analysis comprehensive research considering international, national and institutional contexts could be evaluated and organizational adaptation processes should be questioned.

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