

Contribution of Foundations to Reputation in Corporate Social Responsibility Applications: Vodafone Turkey Foundation Review

by

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Abstract. Today's highly competitive business environments and the existence of conscious consumers have increased importance given to the concept of Corporate Social Responsibility. Corporate businesses that owe their existence to consumers and conscious of their responsibilities towards environment have greater chances of success than their competitors. The concept of social responsibility starts from the first step of producing goods and services of a businesses and based on the principle of the society benefit. In corporate social responsibility projects, corporates often act with civil society organizations which are chosen depending on policies and strategies of the corporate in line with the scope of corporate social responsibility. Studies are conducted in collaboration with independent civil society organizations beside corporates may prefer establishing their own foundations and carry out their social responsibility through these foundations. The use of corporate social responsibility got undisputed great importance for the corporate reputation and credibility of the foundations which cannot ignore public interest. Whether with civil society organizations or for their own foundations, credibility of corporate social responsibility is indispensable. The aim of this study is to emphasize the theoretical framework of the concept of corporate social responsibility, and to explain the contribution of the corporate brand reputation. Secondly, revision and examination of “Vodafone Turkey Foundation” as one of the Foundations that perform various tasks in corporate social responsibilities through its own foundation, and review by the concept of social responsibility and its contribution on brand reputation.

Key Words: The Concept of Corporate Social Responsibility, Reputation, Corporate Reputation.

JEL classification: M14, L14

1 Introduction

As in many fields today intense competition is observed in marketing field. Consumers which are exposed to hundreds of messages every day make their choices upon awareness depending on technological circumstances. In today's competitive environment differences between products have been reduced, brands were forced to create differences to remain in consumers' minds and be chosen. It is unlikely for corporate to survive without sensitivity to its living environment and perform goods and services production within the scope of marketing process. In today's conditions, enterprises act with adopting corporate citizenship necessity. Usually with the concept of corporate social responsibility the definition of 'targeting sustainable growth of businesses comes together with production upon measures to protect nature and environment' is insufficient.

Beside corporate responsibilities towards society and environment, responsibility against anyone affected by corporate activities directly and indirectly must not be forgotten.

It is undeniable that the concept of corporate social responsibility covers a significant portion of the companies' agenda. However, the point of beginning and ending the concept of corporate social responsibility is not fully understood by enterprises and its environment, which reflects on defining corporate social responsibility from enterprises as fulfillment of charitable work most often. Enterprises which fully detect the concept of corporate social responsibility and reflect social responsibility to its environment and stakeholders accurately perform corporate social responsibility clearly.

Corporate social responsibility performed by enterprises with certain civil society organizations provides several conveniences to enterprises. Studies are conducted in

collaboration with independent civil society organizations beside corporates may prefer establishing their own foundations and carry out their social responsibility through these foundations. In the first part of this study the theoretical part of the concept of corporate social responsibility and corporate social responsibility effect on brand reputation is reviewed. Secondly positioning of Waqf Foundations in corporate social responsibility applications and revision of “Vodafone Turkey Foundation” applications in both globally and locally of existence countries along with concept of corporate social responsibility direction.

1.2 The Concept of Corporate Social Responsibility CSR

The concept of corporate social responsibility is mixed with many concepts and has many definitions. Referring to definitions made to corporate social responsibility concept from past till today will clarify the concept. Accepting businesses to public beside their interests, dealing with social issues beside their basic tasks, pre-thinking steps consequences before acting all form responsible behavior basis (Peltekoğlu, 2012:189) . As it is been expressed in our language describing the manner as enterprise’s social responsibility towards society. Yet is not enough to express it that way because 'social responsibility' covers a very large area. World Business Council for Sustainable Development defines corporate social responsibility; the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large scale (Boran, 2011:15).

According to European Commission definition; corporate social responsibility is the concept of enterprises being able to integrate social and environmental issues on a voluntary basis into organizational activities in close collaboration with their stakeholders". (Posted by Aktan, Börü, 2007:12). And according to Archie Carroll who has a great contribution to

corporate social responsibility concept; for enterprises corporate social responsibility beyond economic activities and underlines the role of participating as a volunteer for a better society and a cleaner environment. In 1979 Carroll demonstrated the four steps for corporate social responsibility showing the importance of this concept. If we sort this pyramid from bottom to top; economic, legal, ethical and discretionary responsibilities. The main purpose of business is to make profit, in this context, for businesses to achieve their goals they have to act voluntary to strengthen their reputation in comply with social ethical and law values and regulations.

In order to fully understand this concept, the historical development process needs to be addressed. Taşkan (Posted by Boran, 2011:31) describes that social responsibility concept has been raised firstly by the Greek philosopher Platon. J. Moon (Posted by Boran 2011: 31) describes England in the early period in which businessmen were Methodist with (liberalism) and Anglican (paternalism) values , and therefore they entered charitable activities under the influence of religious approach. Closer applications to today's corporate social responsibility concept were in USA at the end of the 19th century. Carroll thought that it would be useful to start with some applications arising from industrial revolution period to be as a start point (Posted by Boran, 2011:32). According to that, and if we have a look to the period until the end of 1800 companies cared about their employees and worked to ensure they can be more productive . In 1839, the Standard Oil case established by the Rockefeller according to Aydede (2007: 17-18) was among the first examples. As the monopoly continues all oil companies were collected under the same company group and the group becomes the world's largest oil company, however, according to unfair competition a new law was regulated preparing the end of the Standard Oil. To remove this negative judgment that occurs in the public's eyes a decision was made that all companies in each state must establish a different management board in order to prevent monopoly by Standard Oil. According to

Aydede the goal of this project by the enterprise was to enable their presence by the public confidence to ensure continuity.

It is possible to count the industrial revolution as the turning point of the concept of corporate social responsibility. Before revolution social and economic structure was quite different regarding post-revolutionary structure. As production per order transformed into mass production and commercial life concept was emerged. With the emergence of unions the transparency phenomenon between employers, workers, trade unions and legislators was improved. According to Sheldon (Posted by Peltekoğlu, 2012:194) After World War I the necessity to perform modifications in management philosophy was born, while the management of the growing industry become face to face with more complex problems, society began to take more care about those problems. In line with this context Sheldon says; ‘ Management’s first responsibility is serving the community, management development is connected to scientific methods and management’s first responsibility is social’. Henry Ford, who supported social responsibility, was aware of the public power as he showed this in the promotion of model produced in the early 1900's as he utilized public relations techniques in promotions.

From the 1990s, corporate social responsibility was a concept in almost all over the world agenda and integrates with the phenomenon of social life. On the basis of corporate social responsibility; from first years of beginning the industrialization problems until today and against rapidly growing environmental, social, economic, cultural and even political problems, beside official organizations and governments enterprises and civil society organizations which has human and economic resources must share this role with government . In this context, it is possible to connect the reason for the emergence of the concept of corporate social responsibility to economic, political and social causes (Aktan, 2007:25):

I. *Economic Factors*; Before the 1900s in the great industrial revolution the liberalism vision which was effective in

the economic field defended freedom of import, removal of customs , free competition as the government faced intervention to the economy. As the economic crisis is the trigger of social change, economic life has led to serious changes too. The government role in business activities and production has gained importance. These changes have an important influence on the emergence of the concept of corporate social responsibility.

II. *Political Factors*; Especially after World War II when the world was shrouded into bipolar structure. Also in this period democratization trends started to increase. Also human rights showed improvements in these years in favor of individuals. With increasing place and importance of individual in society, businesses begun to give more importance to individuals and their employees.

III. *Social Factors*; The 1900s were years of increasing communication and interaction between the world population has. As individuals started to communicate and interact with other individuals within their communities and then with individuals living around the world with individuals from different communities which allowed individuals organized movements. As a result of globalization boundaries have been disappeared and multinational companies started to have active role in local markets which increased the interaction in between society and awareness. These developments have caused businesses to strengthen their social relationships. As a result of this change and transformation multinational companies to establish good relations with different parties in the society and increased efforts to gain legitimacy in those parties eyes (Posted by, Aktan, 2007:26).

In mutual with companies target audience and potential audience the corporate social responsibility concept targeting positive opinions, image and reputation started to develop, the company's public producer- supplier roles got beyond present invention which was by a fewer environment (Theaker, 2008:194) . Social responsibility should

not be taken as action area, but should be taken as corporate philosophy and perceptions with worldview (Demir, 2012:288).

1.3 Corporate Foundations

Corporate social responsibility become on studies of reputation management and one of fields used in measures of company's reputation, researches conducted on enterprises focused on corporate social responsibility most contributes on prestige area. There are two kinds of approaches to the concept of corporate social responsibility. First; corporate social responsibility activities as one of the tools used in " The creation of a positive environment dominated by company positive views". Second; is a discipline based on identifying stakeholders' needs in order to draw companies' attention to social needs which directs companies to act in the public interest (Theaker, 2008:198). while in Many countries laws corporate social responsibility 'must' be achieved, yet in Turkey corporate social responsibility is being done by voluntary applications context and imposed on company's reputation as implementation at corporate communication projects levels (Boran, 2011:11).

To create and maintain corporate reputation, various forms of corporate social responsibility activities of enterprises must be provided. Enterprises mostly manage corporate social responsibility activities with one or more of civil society organizations. The studies conducted by civil society organizations to identify society needs, represents a major attraction point for enterprises which want to develop corporate social responsibility projects (Boran, 2011:111). In such case enterprises benefit from civil society organizations organized power, domination, deep knowledge towards social problems and reputation, while civil society organizations benefit from enterprises in various elements like funds to perform their litigation, professional manpower, communications support. Social responsibility desired area of application, shows the way in the selection of civil society organizations.

While enterprises in process of activities they operate in communication with many different stakeholder groups. These groups of civil society organizations become a source of a significant reputation for enterprises in case of properly managed communication (2011: 113). Depending on the importance of these groups for an enterprise, groups split regarding their benefits and relationship with the enterprise. As it can be seen these can be considered as stakeholders , employees, customers , suppliers , investors, government members, media, environmental organizations and competitors . Stakeholders communications with enterprise and possibility of enterprise affect are not equal; therefore they require different information about enterprise Şatır, Sümer, 2006:52).

Some enterprises prefer to establish their own corporate foundation in order to execute corporate social responsibility projects through these foundations instead of working with an independent civil society organizations. foundations and donation programs were emerged over time by enterprises to reduce felt social pressure. Enterprises manage their corporate social responsibility activities through their foundations which they created. Enterprises sometimes exclude their created foundations from business plans and prefer to execute their corporate social responsibility activities with different civil society organizations. In case of choosing this type corporate foundations jobs become more like charitable works like giving scholarships, building schools and health clinic.

Although corporate social responsibility concept is considered a voluntary communication activity, the main objective of the work conducted is that it should be in line with the organization's business objectives even for foundations. The inverse of this opinion is when the corporate foundations are completely autonomous entities. foundations which are completely independent from corporate means they are autonomous foundations, as it means an independent business and communication plan. Today, at this point, to increase the profits of the business is not whether " corporate social responsibility " exists or not; but which type and

nature of activities within the scope of corporate responsibility is being entered (Lambett, 2012:5). Whether with civil society organizations or with fully autonomous foundations from its own creation, it is inevitable for enterprises to fulfill their corporate social responsibility activities or corporate citizenship duties and make bonds with consumers.

Enterprises hosting corporate foundations are often large scale as global trademarks. In addition to profit they fulfill their responsibilities to their stakeholders by establishing foundations. *foundation; means foundation established by many people with principle of working to society benefit* (tdk.gov.tr). By another definition *Foundation*; a legal entity established by persons or corporate, with determined duties and powers by law. What means it is established for a specific purpose and cannot show activities outside this purpose. In Turkey supervised by Foundations General Directorate can be under corporate name to support corporate reputation, and might be completely independent to carry out corporate social responsibility by foundations.

1.4 Social Responsibility and Corporate Reputation

Trust between the parties is needed for success of long-term of all relationships. When a company provides money and resources to create brand, success is not only measured by financial return, but by confidence of customers in it. Preferring customers to this brand against competing companies is an indication of confidence (Davis, 2011:66). Enterprise's reputation is phenomenon caused by many different factors come together and constantly nascent. Corporate social responsibility has an extreme place and importance among the factors positively affect company's reputation. Reputation of the enterprise is the equivalent intangible values. No currency to calculate these values. Corporate reputation has a vital importance in the functioning of business and rises with thoughts like environmental

awareness, quality awareness, transparency, customer satisfaction, principled and consistent business policies and practices (Karatepe, 2008:83). In the previous period the concept of corporate reputation had a small place in the world of communications, while today it transformed into a symbol of trust between the corporate and society and considered as the whole actions (Kadibeşgil, 2006:30).

Corporate reputation, is an attractiveness term referred to whole enterprise past applications beside enterprise future expectations. According to Fomburn (Posted by Peltekoğlu, 2012:593) reputation is a concept frequently mixed with image, as it forms inside and outside enterprise as a result of individuals' perceptions forming a source of competitive advantage. Reputation; is the total value of the enterprise achieved with all its components. Researches revealed that effective enterprise properties on people's feelings in six dimensions. Which are (Öztürk, 2013:83)

- Emotional attraction: love, respect
- Goods and services: perceived quality, innovation, reliability
- Financial performance: profitability, risk
- Vision and leadership: vision understanding, leader power
- Workplace environment: management, employee perception on quality
- Social responsibility: perception of enterprise in terms of all stakeholders as a citizen.

Corporate social responsibility is one of the important inputs in corporate reputation. It is not possible to talk about corporate reputation in a situation where there is no corporate social responsibility. Corporate social responsibility, constitute management's main areas of activity in corporate reputation management. Social responsibility campaigns creation and execution must be conducted with corporate reputation regarding effects of increasing enterprises credibility (Öztürk, 2013:82)

No matter the product being produced today, it is important to illustrate work being done by the name of corporate social responsibility which is being considered as a key performance

indicator. Creation and implementation of enterprises standards such as environmental protection activities increase reputation. Increased reputation works as protection for existing customers besides attracting new customers along with providing competitive advantage to enterprise. Sensitivity of an enterprise to social problems and efforts to provide solutions is a method of corporate social responsibility applied often. Enterprises which provide principled and consistent behavior while applying this are easier to gain reputation. In present day companies started to publish corporate social responsibility reports beside balance sheet at the end of the year.

In order to positively affect corporate reputation and achieve the desired results from corporate social responsibility activities it is imperative to properly communicate with the public. Explanations related to corporate social responsibility should be carefully planned as it affects the company reputation. In this context first of all stakeholder, business resources and used communication tools are evaluated. Ability to give the right message at the right time, through right channels along with measurement impact of the message. Corporate social responsibility efforts for the protection of reputation are planned and executed in a classic form of communication efforts. Another point to be considered here, the resources allocated to communication efforts related to the projects must not exceed the budget allocated for corporate social responsibility project, in other words, should remain at a certain level (Öztürk, 2013:84)

It is remarkable that companies associate membership in civil society organizations in respect to corporate social responsibility activities and corporate reputation. As civil society organizations support is important in such a relevant, and their activities through their own foundations have a great importance. The higher the company's reputation increases; being an example for society also increases. This situation increases the interest in this company. Therefore company and all segments associated with the company must be compatible with the principles to make behavior

that forms reputation. In this context, it is also difficult to protect the reputation as winning it.

2. Vodafone Turkey Foundation Review in Corporate Social Responsibility Scope

Enterprises which have a large segment of market share and a wide range of manufacturing share perform their corporate social responsibility works through their own established foundations. In this section Vodafone Turkey Foundation will be reviewed which carries own the concept of corporate social responsibility out of its own structure that maintains the concept of social responsibility under foundation. Examination has been made using Vodafone sustainability reports of 2009-2010, 2011-2012 in accordance with official Vodafone Turkey Foundation existing activities.

Foundation's name: Vodafone Turkey Foundation

Structuring Format: Vodafone Turkey Foundation is not connected to any institution structurally, composed of Vodafone Turkey management senior executives and board of trustees.

Foundation's Establishment Objective: In order to support sustainable development many projects has been implemented in cooperation with civil society organizations and other stakeholders to contribute on steps towards having educated, trained, equipped and productive society in Turkey aiming to be pioneer in this field. The social investments form the basic needs map, as a result of a long and meticulous study in line with the country's social needs. In 2011-2012 sustainability reports the Foundation's goals are listed as follows:

- Collaboration with civil society organizations and other stakeholders to sustainable development
- Support participation of socially and physically disadvantaged individuals into social life
- Eliminate regional disparities in pre-school education
- Introducing women to the opportunities offered by communication technologies to

improve their socio- economic status and to prepare the necessary ground for developing entrepreneurship

- Using mobile telecommunications technology to provide solutions to social problems
- Contribute to the creation of Turkey infrastructure toward the transformation into a knowledge society
- Perform awareness raising activities to ensure prepared and equipped Turkish people against disasters
- Support all society segments and Vodafone employees at first, to serve society we live in voluntary.

Corporate and Foundation Relation:

Vodafone Group Foundation which is established by Vodafone Group plc in 2002, is a charity registered by the British government. Vodafone Group Foundation establishes foundations to support communities in the countries where Vodafone operates, in order to contribute to social and economic development. As Vodafone Turkey Foundation which is one of 27 Vodafone Foundation worldwide, has been operating since 2007 with the mission of contributing to Turkey's society development and improve quality of life.

The report mentioned a statement of 'Vodafone Turkey Foundation, is a reflection of the commitment of Vodafone being integrated in social life as responsible global citizen'. also in 2012 report available values are 'we are pleased to touch the lives of more than 3 million people through performing social investment projects of amount close to 15 million Turkish lira in the 5th anniversary of our organization and conducted with valuable project partners, stakeholders , volunteers and supporters. This is an example for the transparency between enterprise and stakeholders.

Examples of projects achieved by the Foundation: Ongoing project titles within the scope of the foundation's projects are as follows: First Step into the Future, Women's Movement In Technology, International Entrepreneurship Center (UGM), Dreams Academy, Vodafone Volunteers, Mobile

Technology For Goodness. In line with case study ' First Step into the Future ' project takes place within the foundation structure. Social responsibility projects include education and pre-school education and continue since 2009. The project has partnership from AÇEV (Mother Child Education Foundation) and Ministry of Education, General Directorate of Basic Education. The country requires support in the field of pre-school education, while the project aims to provide a start to life with equal opportunity to children in areas with low pre-school education. The target audience of the project is children between 5-6 years, parents and education teachers. As a target audience is focusing on provinces and districts with insufficient socio -economic status a total of 75.000 mothers – child education has been reached by the end of 2011 – 2012 academic seasons in 53 provinces forming 545 classes. Increased by 41% compared to previous year. Stakeholders have contributed in the project. Vodafone volunteer employees and dealers supported the project with development of local relations, and supported providing requirements such as transportation and equipment. Vodafone staff visited students in First Step classrooms in Istanbul and made children visits to company's headquarters. Thus a bond was established between Vodafone employees and social responsibility projects. Vodafone brought this project to become an integral part in business processes, with supporting priority of sustainable and high quality education which demonstrated an example of the cooperation between civil society, private sector and public in project First Step.

3 Discussion and Conclusion

As a result of a literature search made within the framework of corporate social responsibility, social activities importance were highlighted to ensure communication with target audience by corporates , and to develop and gain a good reputation. Enterprise character is determined by the sum of social, economic and legal values, and the reflection of these values to society gains the enterprise reputation.

Enterprises which are aware of their corporate social responsibility gain important advantages in entering new markets and gaining customer loyalty whereat they gain reputation.

As a result of survey, performing corporate social responsibility under corporate foundations structure provides high impact on enterprise's reputation. Vodafone Foundation which is an autonomous organization under the name of the corporate carries the name of the enterprise and being actual completely independent activity area in the eyes of stakeholders. Not with establishing a foundation but only carried out by civil society organizations as an alternative to social responsibility, Vodafone which is a global enterprise, creates separate foundations in countries where it operates to provide support in countries social spots. A reputable enterprise means the ability to overcome crisis more quickly, as it means holding goods and services in markets more quickly. For multinational corporations, providing social responsibility within foundations of countries they operate in, provides ability to vary according to country's legislation which creates opportunities for enterprises.

Goals, objectives and projects have been evaluated by Vodafone Turkey Foundation in support to literature search. Vodafone company conducts its activities with a primarily principle of complying with law and ethical standards. Activities are not only with company but also seen performing responsibility activities with customers, suppliers and public community in which it lives. Vodafone establishes its own foundation for social responsibility activities in Turkey using corporation name power giving a separated importance. Continuous monitoring and development of social responsibility projects shows importance gave to this issue. As it uses support from civil society organizations in country at the same time with social responsibility activities being carried out by corporate foundation. The purposes of the corporate foundation are being the rising operator company in country, as well as

strengthen the reputation by community support.

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