
Abstract:
In this study, the researchers explore the following question. Are B2B companies sensitive about CSR in supplier selection? The aims of this study are to investigate: first, the influence of CSR activities on supplier selection; second, the significant dimensions of CSR which have impact on decision making; and third, the CSR level of the customer company as a control variable. In contradiction to previous studies on B2C of mixed market types, empirical results of our qualitative research show that CSR concept is simply not understood by SME B2B companies in Turkey and philanthropic activities and charities are done instead. These activities are performed under the influence of cultural doctrine and the potential benefits of CSR strategies are ignored. Thus, it has been seen that a new scale needs to be developed for B2B firms to explore the CSR understanding and attitudes of B2B firms.

Keywords: Corporate Social Responsibility (CSR), B2B, Turkey.

1. Introduction
As the importance of corporate social responsibility (CSR) for a company’s competitiveness has increased substantially in recent years, the subject has been on the agenda of both academic and sectoral fields in global context. It has been revealed that congruous CSR activities lead to an increase in corporate reputation (Fombrun, 2005; Mutch & Aitken, 2009; Lai et al., 2010) and/or a decrease in corporate risk (Minor & Morgan, 2011). On the other hand, a better brand image and brand equity improved by CSR also yield to better corporate reputation (Klein and Dawar, 2004; Eren & Eker, 2012; Taleghani et al., 2012). More studies on CSR have also shown that improved brand image provide competitive advantage among other competitors just like corporate reputation (Porter & Kramer, 2009; Vilanova et al., 2009; Stephenson, 2009), especially if the CSR activities are not imitable (Lanoizelee, 2011). Therefore, there is a positive link between CSR activities and competitive advantage.

However, structural and cultural diversities differentiate the evolution of CSR locally and nationally – at least for the case of Turkey (Alakavuklar et al., 2009; Ertuna & Tukel, 2009). Trapero et al.’s study (2009) about CSR on Mexican market has parallel results in terms of cultural and structural diversities.

Type of the market is also another factor in determining the importance of CSR. As the studies in the field show a positive link between CSR and competitive advantage, it is noticeable that the vast majority of these studies focus on consumer (B2C) markets. Few studies in the field conducted in B2B markets have shown that different aspects are important for the brand image perception of B2B companies (Michell et al., 2001; Cretu & Brodie, 2007). It has been found out that the image
and reputation of a B2B company have more effect on the buying decision of the customer. In addition, Lai et al. (2010) have stated that the competitive advantage gained from corporate reputation thanks to CSR activities is a significant factor in buying decision process.

In this study, the importance given to CSR by B2B companies will be evaluated within the scope of Turkey as a developing country. In this regard, the CSR activities of the companies and their suppliers have been analyzed, and the sensitivity of CSR in B2B markets has been exposed. Also, the significance level of CSR activities in different types has been tried to be measured.

2. MAIN CONTENT

2.2 Corporate Social Responsibility (CSR)

Companies have always affected their employees, the environment, and society with their activities in both positive and negative manners. Consequently, the matter of impacts and responsibilities of companies to third parties trace to industrial revolution.

There has always been the notion that businesses have duties to society. But, in the few last decades, responsibility of companies to society has become a hot topic in several disciplines.

Different aspects on CSR have been presented since 1970s by authors such as Friedman (1970) and Carroll (1979). Friedman has suggested that the company is only responsible for its shareholders, and limitedly employees. On the other hand, Carroll has believed that companies should not only be judged by their economic success, but also by non-economic criteria.

There are many approaches and different schools of CSR, and it remains as an ambiguous concept. So, there is still no consensus on a commonly accepted definition of CSR (Carroll, 1991; Jones, 1999).

Carroll (1979) has explained social responsibility of business as a fact which encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time.

Baker defines CSR as the way how companies manage the business processes to produce an overall positive impact on society (Kakabadse et al., 2005).

According to Hopkins (2007), “CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible means treating stakeholders in a manner deemed in acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation.”

There are four major approaches that define the role of businesses in society (Lantos, 2001).

- Albert Carr’s view of pure profit: in this level, business has lower ethical standards than society and the only present social responsibility is obedience to the law. (Economic CSR)
- Milton Friedman’s constrained profit-making view: argues that business should maximize shareholder wealth, obey the law, and be ethical. (Restrained economic CSR)
- Edward Freeman’s socially aware view: is the ethical approach of CSR. He suggests that business should be sensitive to potential negative effects of its activities on various groups. (Ethical CSR)
Archie Carroll’s community service view: has the perspective of corporate social performance. Is the altruistic level of CSR. In this approach, business must use its vast resources for social benefits. (Altruistic CSR)

As seen above, corporations have economic, legal, ethical and altruistic/philanthropic responsibilities in their relationship with society. Capaldi (2005) has set an order of priority on the responsibility for the effects of business’ actions on society just as:

1. Negative responsibilities: description of what not to do, obedience to the law.
2. Positive responsibilities: maximizing shareholder value through product and service innovation
3. Supplementary responsibilities: what firms should do in addition – a. Ethical; to act compliable with legally undefined standards, b. Arbitrary; contribution of the company to society without profit concerns.

2.3 CSR in Turkey as a Developing Country

The content and practice of CSR notion differs from country to country. The practices in business world are affected by different local characteristics such as national culture, law and education systems (Whitley, 1994; Claessens et al., 2000). Within time, the interactions between political, financial, cultural, educational, historical, and social structures of states have revealed CSR, and caused every country to determine their own CSR characteristics (Matten & Moon, 2008).

As Ararat (2005: 247) says: “Turkey is frequently described as a country of conflicts or a country of dualities. Economic and historical factors combined with its unique geography cause duality and diversity in economic, social and cultural dimensions. This duality manifests itself in business with the existence of two segments with different behavioral patterns.”.

Philanthropy is not only the keystone of CSR, but also the characteristic of Turkish culture. Alakavuklar et al. (2009) have stated that, this typical national attribute’s roots date back to Central Asian Turkish states, and have continued either in Ottoman Empire and Turkey Republic eras. However, philanthropic Turkish culture relies on confidentiality principle, and this situation creates a dilemma with ordinary CSR process.

In Turkey, where family businesses dominate the market, companies perform philanthropic activities by foundations which are affiliates of those companies. They are also familiar with the utilitarian model, which evaluates CSR as a competitive strategy. Nevertheless, current CSR efforts in Turkey mostly consist of philanthropic and social activities. Internationally accepted CSR activities that focus on employees, suppliers, customers, stakeholders, etc… are very limited (Ertuna & Tukel, 2009). Therefore, it is possible to say that CSR in Turkey is under the influence of traditional factors, but is also limitedly affected by global factors. Therefore, stakeholder approach is not completely valid in case of Turkey.

In B2C context, studies have shown that Turkish consumers generally adopt a positive attitude towards CSR campaigns of companies (Uslu et al, 2008). Yucel Dogan & Varinli (2010) have found a positive link between CSR activities and perceived brand image. Yavuz (2010) has stated that CSR projects do not only improve brand image, but also affect the buying decision positively to a certain degree. Besides, Mert’s study (2012) has shown that CSR projects foster trust to company, create customer loyalty, and have influence on buying decision. On the other hand, Atakan & Iscioglu’s study (2009) propounds that, despite defending the necessity of CSR, Turkish
consumers are not willing to pay more for socially responsible products/services. Thus, there are contradictory arguments about CSR awareness and sensitivity of Turkish consumers in the literature.

Turker (2009) have developed a scale for measuring corporate social responsibility levels of companies, but this scale stands as an intrinsic tool, and is not competent enough to reveal the relationship between B2B customer and suppliers in terms of CSR. Therefore, development of a new scale dedicated to B2B markets seems necessary.

By inferences of the interviews that Robertson made in her study (2009), Turkish businessmen have stated that CSR is developing fast in Turkey and shifting through CSR stages. And this situation is providing a shift from philanthropic point of view to sustainability approach. And today, there are many sustainability reports available published by private companies.

Besides corporations’ self-reports of CSR, other reports in Turkey also exist. But the most up-to-date one is the report published by Corporate Social Responsibility Association of Turkey. This report, which was first published in 2008, serves as a reference about the CSR applications in Turkey. The report has been published once more in 2010 as a revision of the previous one. According to Turkey Corporate Social Responsibility Baseline Report (2010), CSR is mostly seen as a tool for marketing and creating corporate reputation. Many corporates and social stakeholders try to participate and formalize the process with sponsorship projects. On the other hand, current level of arguments about CSR is too way far from comprehending CSR in the right way and developing systematically. A leadership structure to lead the right approaches on CSR and promote necessary tools does not exist.

In addition to Corporate Social Responsibility Association of Turkey, Turkish Business Council for Sustainable Development is exclusively dedicated to CSR and sustainability subjects as well. Some other civil society organizations (CSOs) dealing with CSR just as Corporate Governance Association of Turkey (TKYD), Turkey’s Ethical Values Centre (TEDMER), Private Sector Volunteers Foundation (OSGD), Third Sector Foundation of Turkey (TUSEV), Turkish Society for Quality (KalDer) also exist.

In Turkey, there is currently no specific law on CSR. However, there are issues and laws related to CSR. Besides, there is a motion about CSR to take place in the new constitution of the Republic of Turkey. This can be considered as a solid step for reaching global standards.

2.4 CSR & Competitive Advantage in B2B Markets

A company can create competitive advantage with CSR activities by enhancing brand image and corporate reputation (See introduction). In his literature review study, Lanoizelee (2011) has studied the role of CSR in competition in terms of economic approaches and figured out that in traditional economic approach, CSR is considered as useless and subversive. He also states that mainstream CSR theories do not pay attention to competitive issues. In CSR classification of Gendron (2000), “business ethics” and “business and society” approaches are described as mainstream by Lanoizlee, and according to him, only “social issue management” (SIM) approach argues for the validity of CSR strategies on creating competitive advantage.

Corporate reputation is defined as stakeholders’ perceptions about an organization’s ability to create value relative to their competitors (Rindova et al., 2005, 1033). It represents what is actually known
by both internal and external stakeholders. Corporate reputation is considered as a critical intangible asset for gaining competitive advantage (Hsu, 2012).

The terms corporate reputation and brand image are interrelated and as Lai et al. (2010) have stated, in B2B markets company names more often become the brand name across a range of product groups. Therefore, this relation is much deeper in B2B markets.

As known, brand image comprises the attributes and benefits associated with a brand that make the brand distinctive and, thereby, distinguish the firm’s offer from competition in a way that may provide a differential advantage (Davis et al., 2008; 221). Brand image is a component of brand equity and it is clear from the definition that brand image has a direct impact on competitive issues.

As mentioned, CSR activities can improve brand image or corporate reputation of the company separately. On the other hand, the brand image improved by CSR may also trigger admiration to the company and raise corporate reputation. At any condition, the process is concluded with gained competitive advantage. The paths of gaining competitive advantage through CSR activities by means of brand image and corporate reputation has been schematized below:

![Figure 1 Basic evolution of CSR activities leading to competitive advantage.](image1)

* Figure created by authors.

**Figure 2 Classification of activities.**

<table>
<thead>
<tr>
<th>Economic CSR</th>
<th>Social CSR</th>
<th>Environmental CSR</th>
<th>Corporal (Workplace) CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local/regional development</td>
<td>Educational</td>
<td>Environment policies</td>
<td>Gender equality</td>
</tr>
<tr>
<td>Amendatory employment policies</td>
<td>Cultural</td>
<td>Energy conservation</td>
<td>Unionization</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Religious</td>
<td>Sustainability policies</td>
<td>Actions against child employment</td>
</tr>
<tr>
<td>Fair competition</td>
<td>Donations</td>
<td>Recycling</td>
<td>Social facilities for employees and families</td>
</tr>
<tr>
<td>Honest declarations</td>
<td></td>
<td>Pollution reduction</td>
<td></td>
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</tbody>
</table>

* Figure created by authors.

As seen in Figure 1, the CSR efforts are classified into four main categories. These four categories were taken from the CSR Turkey Index, which has been used as research survey for According to
Turkey Corporate Social Responsibility Baseline Report (2010). Basic description of activities according to these categories is shown in Figure 2.

The purpose of the study is not to prove the positive relationship between CSR efforts and corporate reputation and brand equity of the company. As stated in the text, there are numerous studies which support this proposition. Studies about Turkey have also indicated a positive link between congruent CSR activities and corporate reputation (Yavuz, 2010; Doğan & Varinli, 2010), and brand image (Eren & Eker, 2012). However, these studies have found out that this positive link does not lead to a significant influence on buying behavior of Turkish consumers (B2C). In this study; we assume that the favorable contributions of CSR on brand image and corporate reputation provide competitive advantage to the company in all market types (B2B & B2C). So, the results of this study are disputable, and any further contribution to the literature would be appreciated.

In the global context, there are studies about CSR in B2B markets. Hietbrink et al. (2010) have compared the effects of congruous and incongruous CSR activities on supplier choice and the influence of the suppliers’ product share size on their customers’ product range. Taleghani et al. (2012) have examined the contribution of CSR on industrial brand performance. Lai et al. (2010) also have a similar study which make subject CSR on industrial brand equity and corporate reputation. Kubenka & Myskova (2009) have investigated the awareness level of B2B market in Czech Republic and found out a that the majority of respondents just plan to start a professional approach for CSR but not yet. They have also questioned the intention to corporate with suppliers in CSR activities to create a social responsibility value chain, but have not included in the answers to their study. Maloni & Brown (2006) have studied on CSR strategies of supply chains but it is limited with food industry. No study could be found dedicated to influence of CSR efforts on B2B buying decision.

Besides, there has been no study about the influence of CSR efforts on brand image and corporate reputation –by other means, competitive advantage- of B2B companies in Turkey. Therefore, the effect of CSR on B2B buying decision is unknown. So, in order to fulfill this gap in the literature, we plan a study with three steps:

i. Reveal the CSR sensitivity degree of B2B companies in Turkey,
ii. Develop a B2B sensitivity scale in order to measure the CSR sensitivity level of B2B companies,
iii. Measure the influence of CSR activities on buying decision and supplier selection.

Due to the lack of studies, the CSR approach of B2B companies is not known very well. In order to evaluate the current position of CSR, the first phase of the study addresses the following questions:

- Are socially active B2B companies also socially sensitive in supplier selection?
- What kind of social activities mostly performed by B2B companies and suppliers?
- In which degree are CSR activities of B2B customer and suppliers are congruent? In other terms, is there any kind of value chain among distribution channels in Turkey?

3. METHODOLOGY

This study is planned as the first phase of a three-step research. The other following steps are subject to our further studies. The whole research is described below:
Hietbrink et al.’s study (2010) has shown that CSR efforts congruous with the company’s activities are more effective in supplier selection for B2B companies. But this and similar studies are subject to developed countries. Studies about developing countries have been mentioned in previous titles, and they are not subject to supplier selection in B2B markets.

In addition to related studies, Turker (2009) have developed a scale for measuring CSR level of firms. As authors, we have adapted Turker’s scale for measuring CSR sensitivity for supplier selection in B2B markets. The deductions from the pretest results of the adapted scale are as follow:

- A majority of companies consider CSR as a significant factor in supplier selection even though they do not carry on any CSR projects/activities.
- Nearly all of the companies which have declared that they perform CSR activities and use them as a marketing tool have indicated that they are totally not interested in their suppliers’ CSR performance.
- According to results, a large number of participants who perform CSR activities do not consider CSR as a necessity but, companies which do not perform CSR think that CSR is a key factor for an enhanced brand image.

The answers of participants are generally contradictory within the survey and far from explaining the CSR perception of managers and significance level of CSR in supplier selection. Therefore, we think it is not convenient to determine sensitivity level of companies by surveys at this very first stage. Necessity to observe and describe the CSR perception of generally non-institutional B2B companies is obvious, and it constitutes the first phase of our study as mentioned.

Because of the stated reasons, a qualitative research design was used as the methodological basis for the study. In-depth interviews were made with companies and the meaning of CSR for them have been tried to be figured out. The population of the study consists of 7 SME-B2B companies which perform in Eskisehir Organized Industrial Zone, which have been reached by snowball sampling.

In these interviews, the social responsibility and philanthropy perceptions of managers, CSR activities/projects of their companies, the existence of CSR cooperation between their suppliers have been asked. We received the names of three major suppliers of each company, and the website contents of those suppliers have been analyzed. In the content analysis, suppliers’ websites have been scanned whether a CSR section exists or not. In addition, authors have used web search
engines if the companies have carried on any CSR campaigns or not. The found CSR activities have been classified according to the four CSR categories given in Figure 1 and major types of CSR activities have been figured out.

So, we tried to find a relationship between CSR perception of clients and CSR activity of their suppliers. We expected the results to give information about “what is CSR in minds of especially non-institutional SME-B2B companies” and show us a way for “measuring their CSR sensitivity in B2B purchasing effectively”.

For a better understanding, research method has been schematized in Figure 4:

**Figure 4. Design of Step-1.**

In-depth interviews have been made 7 different companies, which operate in Eskisehir Organized Industrial Zone. Their perception on CSR notion, their related activities and projects has been questioned. In addition, the role of CSR in their supplier decision has been tried to be figured out. At the end of the interviews, the main thing we would like to know was; “What is the meaning of CSR from the company and manager’s point of view, and how important is CSR in their activities and relationships with their suppliers?” The keynotes of interviews with each company are as follow:

- **Company 1** is a manufacturer of metal and plastic molds which works with strong domestic appliances companies. The executive of the company indicated that they do not follow a specific strategy for their CSR efforts. They evaluate individualistic demands which come from their inner circle and some foundations. They especially give scholarships to acquaintant students and self-employees’ children. They perform these activities confidentially and do not share anyway. As seen, these aids do not arise from company philosophy but individually spiritual instinct. They exactly do not forge a link between corporate reputation and CSR. The company also is not interested in the CSR efforts of their suppliers, and it makes no sense to them whether the supplier is socially responsible or not. We received three company names as their major suppliers. None of those company websites had a CSR section. Only one of the firms has stated their sensitivity on environmental issues but in a different title.
- **Company 2** is a steel casting factory, which also works with strong domestic appliances companies. The factory manager is intended in public-reliefs, they do not make these philanthropic activities beside a corporate strategy. They contribute to educational and
religious campaigns (scholarships, donations for school and mosque constructions) and socially aids just as clothing support and food aid to people in need. In addition, they compulsorily contribute to CSR campaigns of their biggest client. The company even has received a reward by their client but they do not use this as a marketing tool as well as their other philanthropic efforts. They perform all these activities confidentially. The company also is not interested in the CSR efforts of their suppliers, and it makes no sense to them whether the supplier is socially responsible or not. Among three suppliers given, only one company has a CSR strategy which constitutes many aspects.

- **Company 3** is a subsidiary firm of home appliances. The owner of the company has said that they perform philanthropic activities individually; not corporately. The company vision is strongly against CSR, and the owner strongly argues that such efforts should not be shared with public. Scholarships are religious aids are performed, but confidentially. He does not correlate CSR and business, and does not find CSR campaigns honest. None of the given three suppliers perform CSR activities.

- **Company 4** is a machinery manufacturer. They prefer individual aids rather that corporal contributions. The manager also thinks that the government should promote CSR projects. He argues that philanthropic activities which are regarded as CSR by many firms are actually conscientious responsibility, and arise from more primitive instincts. He states that the happiness and motivation of company workers are important and the basic CSR activity is to make the employees happy. However, he sees the way of motivation by monetary issues, not social. The same point of view is also valid for supplier selection. The firm does not consider CSR of suppliers. He suggests that any price advantage gained from supplier means an opportunity to spend for more employees. He also thinks that CSR means to avail for society, and using this as a marketing tool is worthless. We received two major supplier names and none of them have a CSR activity.

- **Company 5** is also a machinery manufacturer. The board of manager have a decision about not to perform CSR. They even do not have any philanthropic project, and the owner says that philanthropy is giving the workers their wages. In the interview, he sees the basic rights of workers like lunch, shuttle, etc. as a philanthropic activity. And, he says that even though they help people, they would not announce it. As can be guessed, CSR is not criteria for them in supplier selection. The interviewee avoided to share supplier information.

- **Company 6** is a project basis working machinery/molding firm which have specialized in aviation. The executive stated that they actively participate in certain CSR projects but they do not have a CSR strategy. They generally give scholarships and educational CSR efforts. They carry on philanthropic activities such as food and financial aid. They also regard employment generation as a CSR effort. They have efforts on employee training and regard it as CSR. Despite promoting CSR notion, they do not use CSR as a marketing tool and do not share their efforts with public. As they work project basis, firm does not have a regular supplier and they do not consider CSR in supplier selection.

- **Company 7** is a marble factory. They do not have a CSR strategy and a certain project. They give scholarship on demand, and are currently aiding to a school construction. But this aid is not around corporate strategy, it is just an individualistic wish of company partners. The company organizes social weekend activities for its workers, and uses them as a motivation tool. When we asked, the interviewee regarded it as a CSR activity. By the other way, they do not share any of their efforts with public. As the company has its own marble quarries,
they do not have any major supplier and no supplier name could be given. The company also ignores CSR in supplier selection.

4. CONCLUSION

Despite earlier studies in this subject, the first step of our study has shown us that; despite declaring their support on CSR, companies do not pay attention when it comes to choose their suppliers. CSR efforts may enhance corporate reputation or brand image but in B2B markets, it does not seem to create any competitive advantage for the supplier. The interviewed companies have also proved this situation as they do not take CSR serious. CSR activities in Turkey are generally performed and almost completely shared by B2C firms and/or companies who are continuously in touch with final consumers.

In related studies, survey participants are mostly professional executives/employees, and again the vast majority of participants are B2C companies. So, the other side of the coin is always ignored and B2B markets have been neglected so far in CSR researches.

We especially chose SME-B2B companies, which are also family-owned businesses. These companies pull society’s weight in one way or another but do not carry on by corporate motives. Instead, they perform those activities with charity principle, in other words; traditionally. They see philanthropy as an intrinsic motive and they consciously avoid sharing it with public. They do not regard their charities “marketable”.

On the other hand, those companies are sometimes forced by their major clients to participate in CSR campaigns implicitly or publicly. In other words, the channel leader directs other channel members in CSR efforts. However, the channel leader is not one of the suppliers in most of the time. The B2C firm which is the channel leader, benefits from the CSR campaigns, uses it as a marketing tool but other members do not follow that strategy and even avoid from it.

In other words, despite not having CSR strategies, they carry on philanthropic activities and charity works. Charity comprehension is dominant and B2B companies see the picture from individualistic perspective. The main reason the charities are not publicly shared is that companies regards sharing them as a shame because of religious and cultural background. Even B2B companies are responsive to CSR subject they cannot establish corporal bonds but personal.

Companies are worried about harming corporate reputation if they share their social responsibility activities. This fact is completely contradistinctive against CSR concept. B2B companies do not find CSR publications honest for both B2B and B2C markets. Therefore not to share seems more reputable and beneficial.

Finally, even though they are also suppliers, the interviewed B2B companies think that their suppliers do not have enough funds for holding CSR activities. This indicates that CSR approach diminishes in the channel from top to bottom.

4.2 Further Research

As CSR concept is repressed by cultural doctrine in Turkey, companies consciously avoid using such a marketing tool. New strategies should be developed in order to create awareness in those firms. In the next phase of the study, developing a brand new scale for measuring CSR sensitivity of companies is a necessity. In the light of the findings, it is important to describe what sorts of CSR activities have more influence on triggering CSR sensitivity and motives. By this means, awareness
can be raised more effective and efficiently. Therefore, developing a new scale, which is related and dedicated to this subject is required and has been planned as a further study.

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