

Eurasian Studies in Business and Economics 7
Series Editors: Mehmet Huseyin Bilgin · Hakan Danis

Mehmet Huseyin Bilgin
Hakan Danis
Ender Demir
Ugur Can *Editors*

Regional Studies on Economic Growth, Financial Economics and Management

Proceedings of the 19th Eurasia Business
and Economics Society Conference



 Springer

Eurasian Studies in Business and Economics 7

Series editors

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Editors

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Preface

This is the seventh issue of the Springer's series *Eurasian Studies in Business and Economics*, which is the official book series of the Eurasia Business and Economics Society (EBES, www.ebesweb.org). This issue includes selected papers presented at the 19th EBES Conference that was held on May, 2016, at Istanbul Technical University—Faculty of Management, Department of Economics in Istanbul, Turkey, with the support of the Central Bank of the Republic of Turkey and Istanbul Economic Research Association. Distinguished colleague *M. Hashem Pesaran* joined the conference as a keynote speaker. Moreover, EBES Executive Board selected *M. Hashem Pesaran* as the EBES Fellow Award 2016 recipient for his outstanding academic achievements and invaluable contributions to time-series econometrics, including modeling, testing, and forecasting. All accepted papers for the issue went through peer-review process and benefited from the comments made during the conference as well.

During the conference, participants had many productive discussions and exchanges that contributed to the success of the conference where 184 papers by 320 colleagues from 42 countries were presented. In addition to publication opportunities in EBES journals (*Eurasian Business Review* and *Eurasian Economic Review*, which are also published by Springer), conference participants were given opportunity to submit their full papers for this Issue.

Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

The aim of the EBES conferences is to bring together scientists from business, finance, and economics fields, attract original research papers, and provide them publication opportunities. Each issue of the *Eurasian Studies in Business and Economics* covers a wide variety of topics from business and economics and provides empirical results from many different countries and regions that are less investigated in the existing literature. The current issue covers fields such as:

- (i) ACCOUNTING & FINANCE
- (ii) EMPIRICAL STUDIES ON EMERGING ECONOMIES
- (iii) GROWTH & DEVELOPMENT
- (iv) INTERNATIONAL TRADE & REGIONAL STUDIES
- (v) MANAGEMENT & MARKETING

Although the papers in this issue may provide empirical results for a specific county or regions, we believe that the readers would have an opportunity to catch up with the most recent studies in a diverse set of fields across many countries and regions and empirical support for the existing literature. In addition, the findings from these papers could be valid for similar economies or regions.

On behalf of the Series Editors, Volume Editors, and EBES officers, I would like to thank all presenters, participants, board members, and the keynote speaker, and we are looking forward to seeing you at the upcoming EBES conferences.

Istanbul, Turkey

Ender Demir

Eurasia Business and Economics Society

Eurasia Business and Economics Society (EBES) is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics but also encouraging the intellectual development of scholars. In spite of the term “Eurasia,” the scope should be understood in its broadest term as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. To reach its goal, EBES benefits from its executive and advisory boards which consist of well-known academicians from all around the world. Every year, with the inclusion of new members, our executive and advisory boards became more diverse and influential. I would like to thank them for their support.

EBES conferences and journals are open to all economics, finance, and business scholars and professionals around the world. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since 2012, EBES has been organizing three conferences every year: one in Istanbul (usually in late May or early June) and two in Europe or Asia (usually in January and October). Since our first conference, around 7045 colleagues from 91 different countries have joined our conferences and 4022 academic papers have been presented. Also, in a very short period of time, *EBES has reached 1533 members from 82 countries.*

Since 2011, EBES has been publishing two academic journals. One of those journals, *Eurasian Business Review—EABR*, is in the fields of industry and business, and the other one, *Eurasian Economic Review—EAER*, is in the fields of economics and finance. Both journals are published thrice a year, and we are committed to having both journals included in SSCI as soon as possible. Both journals have been published by *Springer* since 2014 and are currently indexed in the *Emerging Sources Citation Index* (Thomson Reuters), *EconLit*, *Google Scholar*, *EBSCO*, *ProQuest*, *ABI/INFORM*, *Business Source*, *International Bibliography of*

the Social Sciences (IBSS), OCLC, Research Papers in Economics (RePEc), Summon by ProQuest, and TOC Premier.

Furthermore, since 2014 Springer has started to publish a new conference proceedings series (Eurasian Studies in Business and Economics) which includes selected papers from the EBES conferences. The 10th, 11th, 12th, and 13th EBES Conference Proceedings have already been accepted for inclusion in the Thomson Reuters' *Conference Proceedings Citation Index*, and subsequent conference proceedings are in progress.

On behalf of the EBES officers, I sincerely thank you for your participation and look forward to seeing you at our future conferences.

With my very best wishes,

Jonathan Batten, PhD
President

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Part I
Accounting and Finance

The Effects of Operating Leases Capitalization on Financial Statements and Accounting Ratios: A Literature Survey

Destan Halit Akbulut

Abstract The purpose of this paper is to survey empirical papers about the effects of operating leases capitalization on accounting ratios and financial statements. In this paper, we focus on the new requirements and changes related to financial statements and we try to discover particularly the lessee accounting requirements. The paper analyses published research papers for the period between 2000 and 2015 which demonstrate the impact of the lease capitalization on accounting ratios and financial statements and these papers are mainly empirical studies. We extract the sample, ratios examined, findings and conclusions of these empirical studies. The results of these academic researches show that there is no common agreement. However the changes of lease accounting and the constructive capitalization of operating leases will mostly influence the financial statements and the key accounting ratios. In this paper, we focus deliberately the papers that assess the changes to lessee accounting because the new lease standard IFRS 16 Leases, which was published in 13 January 2016, substantially changed the lessees' requirements. The paper lays out a current situation survey and gives brief information about the new lessee accounting and their impacts which are prospective to be worthwhile for users and preparers of financial reports, academics and researchers.

Keywords Lease accounting • Operating leases • Off-balance sheet finance

1 Introduction

The purpose of this paper is firstly to introduce the International Accounting Standards Board's (IASB) new accounting standard, called IFRS 16 Leases. There are several changes and new accounting requirements in this standard. We have two objectives, firstly we focus on the changes related to financial statements and we try to put light on the lessee's accounting requirements. Secondly, we realize a literature review to highlight the essence of the empirical studies.

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We analyze the published research papers about the impact of the lease capitalization on accounting ratios and financial statements. There are mostly empirical studies. We mainly extract the sample, the ratios examined, the findings and conclusions of these empirical studies.

Lloyd (2016) indicates that for many years lease accounting doesn't meet investors' needs. The current accounting model (IAS 17) depended on whether the lease qualified as an operating lease or a finance lease in terms of the financial statements of lessees. Thus, more than 85% of all leases don't appear on the balance sheet today (IASB 2016). The new accounting model (IFRS 16) excludes the classification of leases as either operating or finance for lessees. This new approach develops a single lessee accounting model. It requires leases result in company obtaining the right to use an asset. So the companies have to account for all of their leases in a manner similar to finance leases applying IAS 17. According to IFRS 16, a lessee will recognize lease assets and lease liabilities in the balance sheet and recognize depreciation of lease assets and interest on lease liabilities in the income statement.

2 Research Methodology

We perform a literature review to survey empirical researches about the effects of operating leases capitalization on accounting ratios and financial statements. We examine published empirical studies which demonstrate the impact of the lease capitalization on accounting ratios and financial statements. In the analysis part, we extract the sample, ratios examined, findings of selected empirical studies. Finally, we give the results of this literature review.

2.1 Sample and Data

We select 12 studies as sample of the literature review. First five studies are principal empirical studies which are published in accounting journals including the following: *Journal of Accountancy*, *Accounting and Business Research*, *Accounting Horizons*, and *Journal of Accounting Research* and the other seven studies are the published research papers for the period between 2000 and 2015 which can be seen Tables 1 and 2 respectively.

Table 1 shows the author, year and journal names of the main empirical studies of the impact of lease capitalization on financial statements and accounting ratios.

Table 2 shows author, year and journal names of the current empirical studies published for the period between 2000 and 2015.

Table 1 Main empirical studies of the impact of lease capitalization

Author	Year	Journal
Nelson (1963)	1963	Journal of Accountancy
Ashton (1985)	1985	Accounting and Business Research
Imhoff et al. (1991)	1991	Accounting Horizons
Ely (1995)	1995	Journal of Accounting Research
Imhoff et al. (1997)	1997	Accounting Horizons

Table 2 Current empirical studies of the impact of lease capitalization between 2000 and 2015

Author	Journal
Bennett and Bradbury (2003)	Journal of International Financial Management and Accounting
Durocher (2008)	Accounting Perspectives
Fülbier et al. (2008)	Schmalenbach Business Review: ZFBF
Duke et al. (2009)	Advances in Accounting, incorporating Advances in International Accounting
Singh (2011)	International Journal of Contemporary Hospitality Management
Kostolansky and Stanko (2011)	Journal of Business and Economics Research
Wong and Joshi (2015)	Australasian Accounting Business and Finance Journal

2.2 Analysis

In this part, we analyze sample, ratios examined and findings of main and current empirical studies of the impact of lease capitalization on financial statements and accounting ratios.

Table 3 shows the samples of empirical studies. The samples change between one to 366 companies.

Table 4 demonstrates the ratios examined of empirical studies. Each study analyses different kind of ratios which are mainly about companies' financial strength, management performance and investment return ratios. For example Durocher (2008) selects debt to assets ratio and current ratio for financial strength ratios, return on equity and return on assets ratios for management performance ratios and earnings per share for investment return ratios. Singh (2011) chooses EBIT and EBITDA for interest coverage ratios, debt to equity for leverage ratio and return on assets, return on invested capital, EBITDA margin and EBIT margin for profitability ratios.

Table 5 demonstrates the findings of empirical studies. Each of these empirical studies has different samples and assumptions, so the findings of these academic papers show that there is no common agreement. Some of them found significantly affected results about the effects of operating leases capitalization on financial statements and accounting ratios but the others didn't find such results.

Table 3 Sample of empirical studies

Author	Sample
Nelson (1963)	11 companies
Ashton (1985)	23 companies
Imhoff et al. (1991)	14 companies
Ely (1995)	212 companies
Imhoff et al. (1997)	2 companies
Bennett and Bradbury (2003)	38 companies
Durocher (2008)	68 companies
Fülbier et al. (2008)	90 companies
Duke et al. (2009)	366 companies
Singh (2011)	1 company
Kostolansky and Stanko (2011)	100 companies
Wong and Joshi (2015)	170 companies

Table 4 Ratios examined of empirical studies

Author	Ratios examined
Nelson (1963)	Current ratio, debt to equity, debt to total capital, return on total capital, times interest charges earned, net profits on net working capital, net sales to net working capital, fixed assets to tangible net worth, current debt to tangible net worth, inventory to net working capital, current debt to inventory, funded debt to net working capital, funded debt to net plant, net working capital to net plant, net plant to sales
Ashton (1985)	Return on shareholders' funds, return on capital employed, profit margin, asset turnover, interest cover, gearing
Imhoff et al. (1991)	Return on assets, debt to equity
Ely (1995)	Debt to equity, return on assets
Imhoff et al. (1997)	Return on equity, return on assets, operating income to revenue
Bennett and Bradbury (2003)	Total debt to total assets, current ratio, return on assets
Durocher (2008)	Debt to assets ratio, current ratio, return on equity, return on assets, earnings per share
Fülbier et al. (2008)	Book/Market ratio, capital employed ratio, debt to equity, earnings per share, equity to assets, intensity of investment, price to earnings, profit margin, return on assets, return on capital employed, return on equity, times interest earned, turnover capital employed
Duke et al. (2009)	Debt to equity ratio, debt to total asset, return on assets ratio, interest and rent expense coverage ratio, current ratio
Singh (2011)	EBIT, EBITDA, debt to equity, return on assets, return on invested capital, EBITDA margin, EBIT margin
Kostolansky and Stanko (2011)	Total debt to total assets, return on total assets
Wong and Joshi (2015)	Debt to asset, debt to equity, return on equity, return on assets

Table 5 Findings of empirical studies

Author	Findings
Nelson (1963)	The study finds that some ratios are affected by lease capitalization
Ashton (1985)	The paper detects a difference before and after capitalization ratios which are significantly different for only gearing ratios. And it also finds inter firm comparisons of performance are not significantly affected by lease capitalization
Imhoff et al. (1991)	The paper discovers a decrease in return on assets ratio and an increase in debt to equity ratio. The implementation of constructive capitalization of operating leases significantly affects inter-firm comparisons of accounting ratios
Ely (1995)	The study finds a significant relation between equity risk and the effects of operating lease and obligations. It detects significant relation between equity risk and the adjustment to the debt to equity ratio for operating leases and also it finds a significant increase in explanatory power in terms of the operating lease adjustment to the return on assets
Imhoff et al. (1997)	The results of this study indicate that the effects of off-balance sheet operating leases on return on equity and return on assets are really important. And they demonstrate that ignoring of the existence of operating leases or only partially adjusting financial statements can cause substantially misleading results
Bennett and Bradbury (2003)	The results suggest that operating lease capitalization has a material impact on reported liabilities. And it decreases liquidity and profitability ratios
Durocher (2008)	This study indicates that capitalizing off-balance sheet leased assets and liabilities significantly affect debt to assets ratio and current ratio. Lease capitalization has less effect on their income statements. It also finds a significant impact on return on equity and return on assets and earnings per share
Fülbier et al. (2008)	The results show that a material capitalization impact for a considerable number of companies. Changes in financial ratios appear primarily in assets and liability relations, and have minor effects for the profitability ratios
Duke et al. (2009)	The results indicate that the debt to equity and debt to total assets are significantly improved by capitalization of operating leases. Return on assets and interest and rent expense coverage ratios have been significantly decreasing for the negative income subgroups. And this situation has negatively affected by the performance rating of these companies
Singh (2011)	The results show that a material increase EBITDA and EBIT ratios, and a decrease in pre-tax income because of higher lease expense, an increase in leverage debt to equity ratio, and a decrease in return on assets and return on invested capital ratios
Kostolansky and Stanko (2011)	The study finds an essential impact on specific companies and on specific industries. The findings of this study support the IASB's new lease standard and the capitalization of operating leases
Wong and Joshi (2015)	The results show a significant effect of lease capitalization on financial statements. The ratios such as debt to assets, debt to equity and return on assets will change significantly. And this study finds the change in return on equity is insignificant

2.3 Results

In this paper, we focus on deliberately the studies that assess the changes to lessee accounting due to the new lease standard IFRS 16 Leases, substantially changed the lessees' requirements. This paper lays out a current situation survey about sample, ratios and findings of some empirical studies and it gives brief information about the new lessee accounting.

By reason of each of these academic studies have different samples, assumptions about interest rate, remaining lease life, total lease life, variability of leased assets, lease term; the results of these academic researches show that there is no common agreement. Some of them found significantly affected results and the others didn't find such results. However the changes of lease accounting and the requirement of the constructive capitalization of operating leases will mostly influence the financial statements and the key accounting ratios.

Figure 1 demonstrates the most substantial financial statements (total assets, total liabilities and total equity) and accounting ratios (return on assets, return on

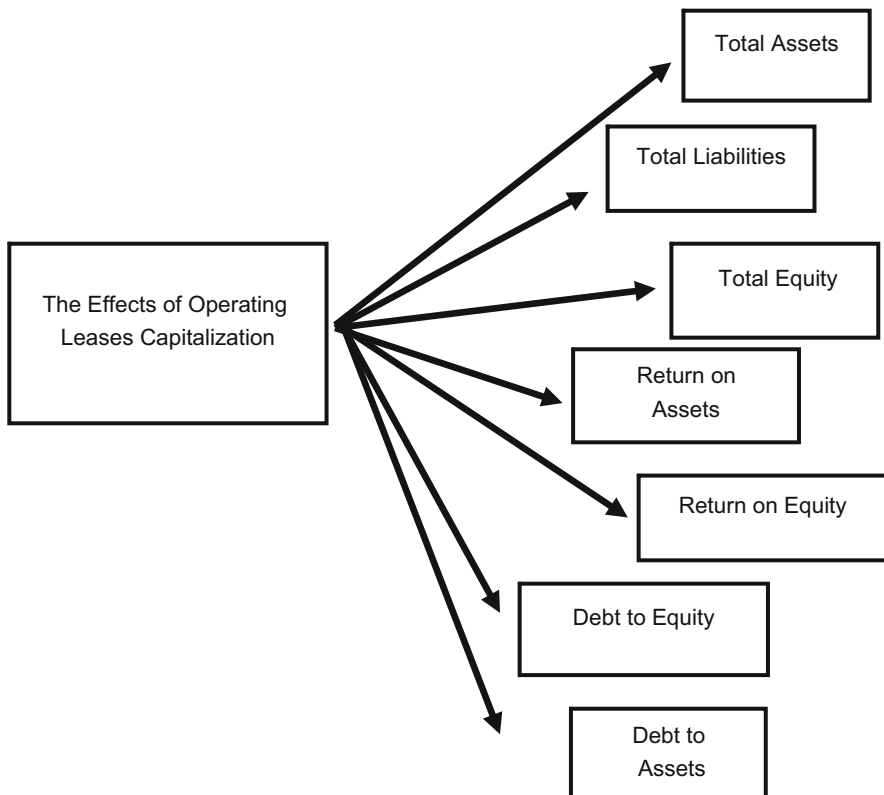


Fig. 1 The effects of operating leases capitalization on financial statements and accounting ratios

equity, debt to equity and debt to assets) which are examined by these empirical studies. Imhoff et al. (1991, 1997), Bennett and Bradbury (2003), Duke et al. (2009) and Singh (2011) examine the effects of operating leases capitalization on financial statements which include total assets, total liabilities and total equity. Imhoff et al. (1991, 1997), Ely (1995), Durocher (2008), Duke et al. (2009), Kostolansky and Stanko (2011), and Wong and Joshi (2015) analyze the effects of operating leases capitalization on return on assets. Nelson (1963), Ashton (1985), Imhoff et al. (1997), Durocher (2008), Fülbier et al. (2008), and Wong and Joshi (2015) identify the effects of operating leases capitalization on return on equity. Nelson (1963), Ashton (1985), Imhoff et al. (1991), Ely (1995), Fülbier et al. (2008), Duke et al. (2009), and Wong and Joshi (2015) analyze the effects of operating leases capitalization on debt to equity ratio. And Nelson (1963), Durocher (2008), Duke et al. (2009), Kostolansky and Stanko (2011), and Wong and Joshi (2015) examine the effects of operating leases capitalization on debt to assets ratio.

3 Conclusion

IASB and Financial Accounting Standards Board issued a convergence project on accounting for leases for approximately 10 years and they published Exposure Draft ED/2010/9 Leases and Exposure Draft ED/2013/6 Leases in 2010 and 2013 respectively. In 13 January 2016, the new Standard IFRS 16 Leases was finally published and companies will require implementing the new requirements from 1 January 2019. This new standard, IFRS 16, replace the requirements in IAS 17.

In this paper, we discussed the new requirements and changes to financial statements and we tried to determine particularly the lessee accounting requirements in IFRS 16. The new lease standard, IFRS 16, terminates the classification of leases such as operating or finance lease for lessees and it evolves from an ownership model to the right of use an asset model. To demonstrate the impact of the new lease standard on financial statements and accounting ratios, we summed up the papers which examine and improve methods for the constructive capitalization of operating leases.

The principal method of constructive capitalization is developed by Imhoff et al. (1991, 1997) which is mostly followed by academic researches. We analyzed the relevant literature about the impact of constructive operating lease capitalization and their effects on financial statements and key financial ratios.

Overall, the academic papers show that the changes of lease accounting and the constructive capitalization of operating leases will mostly influence the financial statements and the key accounting ratios. Thanks to this new lease standard, upon IFRS' documents, users of accounting reports have a more information about leases in terms of amount, timing and uncertainty and they can make more accurate reflection about leases.

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Social Change and Business Development Through Transnational Companies in Turkey

Ludger Pries and Serife Erol

Abstract Turkey is an exciting hub between Europe and Asia. How do transnational companies influence social change in Turkey, and how does social change in Turkey affect business organizations? After some general considerations about theories of social change, the shifting weight and role of transnational business in Turkey is sketched out. Based on this, the example of Corporate Social Responsibility is taken in order to analyze the strategies and structure of its diffusion in transnational companies in Turkey. Based on secondary analysis of existing studies, it is shown that general CRS recipes are adapted to and mixed with native culture and traditions in a way that there is an impact of CSR on social change in Turkey and, at the same time, CSR concepts and practices change while being introduced into the Turkish context.

Keywords Transnational corporations • Social responsibility • Corporate governance

1 Introduction

In the twenty-first century, social change may not be understood or explained neither as a merely endogenous change of national society (methodological nationalism) nor as a simple diffusion of modern values and life styles (simple modernization theory). Local, regional, national and transnational social spaces are intertwined in many different ways. Generally speaking, ways and dynamics of social change are not only influenced by material flows of commodities (investment goods, consumables, credit transfers etc.) and personal migration but also by organizations, particularly companies, operating across borders. With regard to Turkey as a hub between Europe and Asia, there are several important questions to be asked concerning this issue: Could the transnational companies in this country be described as motors of a catch-up modernization in the sense of Western

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industrial capitalism? Or are they rather precursors of a hybrid or rather alternative model of social change, a third way, as it were, between the traditional Islamic countries in the South and East and the modernistic industrial states of the West and North? In which way do transnational companies in Turkey themselves become subject to change as a result of their activities in diverse social and cultural contexts?

This article discusses these questions based on changes in corporate culture and Corporate Social Responsibility (CSR) in transnational business organizations, which are doing business in Turkey (and are historically based in or have their headquarters in Turkey or other countries). It is based on a secondary analysis of existing studies and new research about the significance of transnational staff mobility in business organizations working across borders. Firstly, we will present a series of fundamental observations on theories of social change (Sect. 1). Afterwards, the relationship between transnational business organizations and social change in Turkey will be discussed in a more general way (Sect. 2). Subsequently, studies concerning the relationship between national and transnational corporate culture, CSR concepts and labor relations in Turkey will be presented (Sect. 3), which leads to the discussion of several conclusions with regard to the significance of transnational organizations for national social change (Sect. 4).

2 Multiple Modernizations and Their Diffusion

For a long time, and frequently still today, social change has been considered a clearly focused process of modernization, which takes place all over the world and in a more or less similar manner. Following this theory, everyday life worlds, the patterns of life courses, values and norms, socially relevant technology and the relevant social institutions experience a gradual development progress and are changing over many generations. Key words that describe this process of modernization are rationalization of life-style and the way we explain the world, differentiation of social spheres of function and roles, individualization of life planning and preferences, urbanization of life in community, dominance of meritocratic principles for the distribution of opportunities and resources as well as a parliamentary democracy constituting a decision-making method and legally legitimate ruling mechanism.

As early as in the first half of the nineteenth century, Comte (1830–1842) explained the transition from a theological and fictitious stage of the world explanation process, passing through a metaphysical and abstract one and finally arriving at a scientific and positive approach, to be a similar universal evolutionary scheme. The historically unequalled crimes of Nazi Germany form the ultimate turning point for the naïve believe in a simple universal modernization process to give way to an insight into the ambivalence of the modern age, or into the Dialectic of Enlightenment as it was called by Horkheimer and Adorno (1947). The atomic bombs of Hiroshima and Nagasaki, the subsequent nuclear reactor disasters of

Chernobyl and Fukushima as well as the realization that global warming was influenced by mankind helped to strip the so-called technical progress, essential part of the modernization process of all its innocence. After all, the benefits of the promised catch-up modernization did not show on the expected scale in the so-called developing countries of the South—we rather find ultra-modern enclaves and gated communities for a small percentage of the population coexisting with poor districts and slums, mostly excluded from public provisions and welfare, home to a considerable amount of people. This concept of a focused modernization was related to the idea that this linear transition process was transmitted through simple learning and imitation, usually from the advanced and progressive national societies to the more backward and traditional ones. Societies organized as nation-states were therefore perceived as units for analysis, in which social development and modernization would take place mostly through taking up social institutions.

Due to the non-appearance of simple modernization in the Southern countries, more complex theories were developed, such as the hypothesis of the Development of Underdevelopment (Frank 1969) or the mutual dependency of diverse parts of the world within a globally thought world-system (Braudel 1993; Wallerstein 1974).

Compared to the simple, linear modernization theory, merely outlined in the present article, the current state of knowledge has been expanded and differentiated considerably. Nowadays, social change is generally understood as a contradictory and complex, at times even opposing process of structural change of social institutions, cultural patterns and conducts of societies or other massive interconnections (Pries 2014). According to Shamael Eisenstadt, we should not talk about just one modernity but a multiple modernity (Eisenstadt 2000a), or rather multiple modernities (Eisenstadt 2003), each combining cultural, structural and institutional patterns. According to Eisenstadt (2000b, pp. 2) “the idea of multiple modernities presumes that the best way to understand the contemporary world—indeed to explain the history of modernity—is to see it as a story of continual constitution and reconstitution of a multiplicity of cultural programs (...) Western patterns of modernity are not the only “authentic” modernities, though they enjoy historical precedence and continue to be the basic reference point for others”. Hence, historically speaking, modernity first developed in Europe, its cultural worldview being influenced by the existence of shifting (political and cultural) centers, balances of authority and equality as well as utopian visions of the future.

With regard to the diversity of institutional and structural combinations in the modern age, the internationally widespread theoretic model of the Varieties of Capitalism (Hall and Soskice 2001) will be relevant for the context in question. In accordance with the specific institutional facilities of capitalistic (national) societies, the first general differentiation made is the distinction between the idealized forms of liberal and coordinated market economies, all of which show specific configurations regarding economic constitutions, the educational system, labor regulation and the role of markets and networks as coordination mechanisms. These variants of capitalism, in spite of mutual observation and institutional learning, are therefore known for their historically evolved and path-depending

institutional characteristics (Schreyögg et al. 2003), making utterly unlikely not only a general homogenization and convergence but also a simple transferability of management and production concepts from one country to another. Several related studies show the limits of the complete transfer (application) of, for instance, the Japanese or rather Toyota production system to the United States or Europe—the actual process is more likely to be a complex mechanism of adapted and selective transfer or translation (adaption) of certain elements (Abo 1994, 1998).

With regard to the different forms of labor organization (as a specific form of distribution and coordination of tasks and resources in order to produce goods and services), scientific studies demonstrate time and time again that in spite of many global management concepts and the application of standardizing best-practice-rules, there is still a considerable variance in concrete evolvement of labor organization. Neither Taylorism nor Toyotism/lean production, neither partly autonomous self-regulation nor new production concepts, neither the extended mechanization and computerization nor the politics of subcontracting of tasks (temporary employment and contracts for services) have led to a homogenization of labor organization. Technical and sector-specific factors as well as organization-related or socioinstitutional factors lead to a lasting differentiation according to countries, industries and companies (Pries 2013).

There is no general answer to the question if variances within national societies, within lines of business or within cross-border organizations are greater or smaller than those between different fields and between companies—it always depends on the specific aspects of labor organization considered.

The problems mentioned herein have been of special interest in the field of organizational analysis. With regard to globalization tendencies, several authors (Meyer 1987; Perrow 2002) generally attribute an important role in processes of social change to the organizations themselves. Cross-border organizations may be considered motors for globalization processes (Rehbein and Schwengel 2008; Meyer 2005). They especially induce and intensify cross-border mobility of employees and migrant workers (House et al. 2004; Adick et al. 2014). Mobile actors transport ideas and concepts that influence the respective locations. Taking expatriates in transnational companies as an example, Beaverstock (2002) has demonstrated that organizations are by no means exclusively self-referential operating units which act isolated from the respective local context, but are embedded in local structures of values and references. In his World Polity Theory, Meyer (1987) assumes that organizations globally disseminate mainly Western values and principles of rationality which creates a Western-oriented “world culture”. Many globalization theorists, however, are questioning such a Westernization of the world in the sense of the classic modernization theory. Instead, they find both tendencies for a progressing localization of cultures or moral concepts and hybridization or glocalization tendencies (Robertson 1998; Nederveen Pieterse 2003; Pries 2013). Even if we do not follow the World Polity Theory as much as to speak of a homogenized dissemination of a modern Western-oriented “world culture”, its firmly established link to the neo-institutionalism of organizational

sociology is still apt to examine the relationship between transnational companies and social change in a country such as Turkey.

The term neo-institutionalism concentrates research and theories that systematically relate the conduct and actions of organizations as collective actors to social institutions. By these means, it is aimed for a conceptional connection of general Social theory and sociological Organizational theory—a connection basically essential to the problem herein exposed of determining the relationship between transnational companies and social change. For this matter, a social institution may be understood as a program of social norms and practice, (1) a “socially inherited” ensemble of routines, rules, cognitive frames and mutual expectations of conduct which came socially into being and has been stabilized over generations by (2) processes of habituation, definition, typification as well as symbolic formulizing and which (3) structures certain areas of life of massive social interconnections (such as “societies” or “ethnic groups”) and creates social identity, solidarity, predictability and stability. Examples for social institutions are (on a micro level) salutations or greeting ceremonies and the exchange of gifts, (on a meso level) marriage or baptism and (on a macro level) the family, market, organization, the job and the state. Compared to that, organizations are (just) a certain kind of institution which has gained importance throughout the history of capitalist civil society. Organizations are relatively constant, job-sharing cooperation structures with (1) shapable goals and objectives, with (2) alterable structures and processes (of horizontal and vertical distribution of tasks, of rules and power) and with (3) more or less explicit rules for entrance, exit and membership. Organizations enable the association of many people under a specific purpose, beyond the relations established by family bonds or social classes. The neo-institutionalism of organizational sociology parts from the concept, and further shows empirically, that organizations don’t exclusively orientate their structures and processes—such as the organization of labor and labor relations that are of interest for the present article—to the explicit objectives of an organization by means of rational efficiency or effectiveness calculations. They also take into consideration the perceived or assumed expectations for legitimacy of the organizational environment, marked and structured by social institutions (Meyer and Rowan 1977; Scott 2001; Walgenbach and Meyer 2008). The supposed rationality of organizations is therefore really just a myth. Organizations draw these myths of rationality from their organizational environment in order to reduce the complexity of internal and external reality and create sense and legitimation.

The term organizational field firstly describes “a collection of interdependent organizations operating within common rules, norms and meaning systems” (Scott 2003, p. 130). An organizational field therefore consists of collective and corporate organizations that perceive themselves as mutually interactive and connected by an intensified level of communication. A central assumption of neo-institutional research is that institutional influences within the organizational field determine the structures and practices of the participating organizations. “Wider societal forces operate to structure organizational fields, which develop their own distinctive institutional logics and governance systems, and these systems, in turn,

influence the structure and activities of individual organizations” (Scott 2001, p. 148). The institutional influences operate by means of constraints (regulative orders or government instructions), of norms (internalized shared role models and ideas) and cultural-cognitive frames (expectation and attitudes of other field actors are anticipated and imitated).¹

Parting from the idea that the rationally established organizational objectives and the corresponding, declared universally valid, efficiency and effectiveness calculations of organizations are, in the end, rationality myths which are being influenced institutionally by the legitimacy expectations of the other collective and corporate actors, we are able to analyze the forms of mutual influence of organizations and their environment—in this case, transnational companies operating in Turkey—in a more discriminate manner. Scott (2001, 2003) identifies four mechanisms of organizational learning: symbolic systems (such as laws, values, standards, categories), relational systems (such as power relations, authoritarian regimes, identities), routines (as procedures, conduct standards, job and profession roles, conduct guidelines), and artifacts (such as system designs, software programs or manuals). An example for learning through symbolic systems is management concepts (such as the Toyota management system), which are already abstractions or rather theorizations of social practices and therefore the result of a double “translation” process: they are formulated within a specific context of social practice and then adapted to another context. According to Scott (2003), the communities of practice on the interface of different cooperating organizations may serve as an example for a relational system. Sales representatives of an organization work so closely with their clients that “communities of shared social practice” are created, which in turn have an impact on the participating organizations. Frenkel (2005, p. 295), referring to the reception and acceptance of management concepts of Scientific Management and Human Relations in Israel, demonstrates that national institutions and regional power constellations strongly influence the (re-)translation of such symbolic systems: “[...] despite the scientific legitimacy awarded to professional models of management and despite international experts spreading them around the world, specific institutional arrangements at the level of the nation state influence the adoption or rejection of those models in specific historical and social contexts.”

In conclusion, it shows that a model of simple mechanical transfer of modern forms of doing business from one country (e.g. Germany) to another (e.g. Turkey) does hardly do justice to the complexity of the interrelations between technical-functional, organizational and institutional factors. Companies operating

¹For a good introductory overview of neo-institutionalism cf. Walgenbach and Meyer (2008) and Brinton and Nee (2001); for neo-institutionally inspired articles which (also) discuss migrant organizations cf. Boswell (2007), Hollifield (2004) and Joppke (1998).

transnationally² are being influenced in their production systems, labor organization and labor relations by technical-functional organization configurations, background-related social institutions, learning curves and trajectories concerning development as well as charismatic individual and collective actors. Organizational learning takes place as a selective transmission and a necessarily adaptive and creative translation.

3 Transnational Organizations and Social Change in Turkey

Flows of commodities and migration within Europe and those between Europe and other continents have created cross-border economical interrelations that result in processes of social change in both countries of origin and destination and may even foster the creation of social correlation patterns beyond national states as transnational social spaces (Mayer-Ahuja 2011; Escobar et al. 2006). In order to adequately understand and explain the dynamics of social change in Turkey, we have to take into consideration the country's cross-border exchange relations with other states. For this reason, a "methodological nationalism", analyzing processes of change in Turkey on a merely national level and with concepts such as "industrial-capitalist catch-up modernization", does not go far enough and seems inadequate (Pries 2005; Halm and Thränhardt 2009). In the case of Turkey, transnational interrelations with Germany are of special importance, above all the migration progress that has been taking place since the 1960s. Social development in Turkey is strongly influenced by repercussions from migration and organizations operating transnationally (Avci and Kirisci 2008).

The direct investment law of 2003 has turned Turkey into an even more attractive destination for foreign companies, Germany taking third place in this ranking, meanwhile also being Turkey's most important business partner. Summing up the years 1980–2014, Germany has been the biggest investor in Turkey. The bilateral trade volume amounted to almost 33 billion euros in 2014. At the end of February 2015, the number of German companies and Turkish companies with German equity ownership was 6076 (Auswärtiges Amt 2015; Alman-Türk Ticaret ve Sanayi Odası 2015). The increasing economical transnationalization may, in turn, lead to an intensification of existing transnational interrelations in other areas

²"Transnational" is herein defined as generally referring to all relations that cross the borders of national states. In the stricter definition of organizational sociology, transnational companies are defined as enterprises which—contrary to focal or global organizations—do not have a clearly defined centre of power or resource centre and whose single units are—contrary to multinational organizations—strongly connected (Bartlett and Ghoshal 1989). The present article—if not noted otherwise—defines transnational companies in a very broad sense as those profit-oriented organizations which, on a relatively permanent basis, run separate units of their organization in several countries and coordinate the resources distributed across borders.

of life and may consequently contribute to social change in Turkey. Recent studies point out the transnationalization of social relationships between Turkey and other countries as well as the correlation of social and economic transnationalization.

Little research has been done to determine the significance of transnational organizations in general and, more specifically, companies operating between Germany and Turkey for social processes of modernization and innovation in Turkey. Examining transnational migrant organizations operating between countries of origin and destination, it could be demonstrated that, with respect to the relationship between Germany and Turkey, such organizations stimulate change in the country of destination as well as in the migrant's country of origin (Pries and Sezgin 2012). Not least of all, the legalization of the foundation of Alevi organizations in Turkey (e.g. ABF) could be achieved through the actions taken by the Germany-based transnational Alevi migrant organization AABF and their corresponding umbrella organization AABK, active on a European level (Pries and Tuncer-Zengingül 2013). The Turkish-Islamic Union for Religious Affairs (DITIB), however, concentrates on the representation of Turkish interests in Germany (Rosenow-Williams 2012).

With respect to transnational organizations with headquarters in Turkey or other countries and cross-borders activities in Turkey, we have to ask ourselves if they work as motors of a "catch-up modernization" in the sense of Western industrial capitalism or if they rather represent a hybrid form of business and labor organization between Turkey and Germany. How strongly do these companies experience change themselves as a result of affiliation to diverse sociocultural contexts? Within the context of these problems of greater dimensions, it is of more concrete interest to define the role of transnational intra-organizational mobility of concepts and ideas in the area of labor organization and relations, in the sense of transmission or absorption effects of symbolic systems within the respective local contexts of the organizations.

It is assumed that organizations operating across borders transport ideas and concepts, whereas members of the organizations who move between worlds play an important role in this process. This, for instance, affects Germans who are sent to Turkish sites as expatriates and simultaneously Turks, sent as inpatriates to Germany by sites of German companies. Organizations operating transnationally, however, also induce cross-border mobility outside of the limits of their own organization, an example for Turkey being the return migration of people with Turkish origin. Studies which prove a connection between return migration and a higher density of transnational companies in some of the European countries (Jones 2003; Jain 2011) give rise to the supposition that return migration might also lead to an intensification of transnational interrelations in Turkey (Baraulinal and Kreienbrink 2013; Hür 2010). Splitt (2012) shows, referring to offshoring activities of call centers in Istanbul, how return migrants with good knowledge of German are recruited and later influence the local working conditions as part of a transnational labor market. The International Placement Services of the German Federal Employment Agency help people living in Germany but originating from Turkey to find a job in Turkey. By means of return programs, they advertise excellent chances on the

job market at companies originating from Germany that are operating in Turkey (Bundesagentur für Arbeit 2011). Apart from companies in Turkey originating from Germany, other companies in Turkey, operated by German or transnational ethnic entrepreneurs, such as Öger Tours are also of great importance. The latter exploits its double affiliation as an advantage in the market, recruits certain actors such as Germans with Turkish origins as its employees and at times specifically looks for personnel who possess a transnational cultural capital.

The problems touched here may be examined by means of labor organization and relations and, more specifically, by reviewing the question of diversity management and labor-related strategies of Corporate Social Responsibility (CSR). The topic of CSR is especially interesting for the problem in question because, as a globally noticed management concept, it represents a symbolic system according to Scott. CSR concepts and practices directly relate companies and society. They are explicitly bound by institutional expectations from their organizational environment, such as expectations of shareholders or stakeholders and—especially in Corporate Citizenship—those pronounced by the local society. According to Ararat (2005), within the emerging markets such as Turkey, CSR is impelled by mostly exogenous factors. Turkey, however, has had a history of a strong tradition of entrepreneurial philanthropy since the Ottoman Empire (Turker 2009). Primarily, it was family-owned enterprises that found “*waqf*” (charitable foundations). Altintas et al. (2007) note a continuous increase of CSR within the top 30 of companies listed on the stock exchange of Istanbul. There is little research, however, on the role of companies with German origin in the diffusion and absorption of CSR activities.

There is empirical evidence for the fact that regional change impulses result from CSR initiatives by cross-border organizational networks as, for instance, the launch of campaigns for improvement of labor standards and working conditions in the Turkish textile industry. As an initiative of the Foreign Trade Association of German Retail Trade (AVE) and the former German Corporation for Technical Cooperation (GTZ, now: German Corporation for International Cooperation, GIZ) the Business Social Compliance Initiative was put into practice, whose objective was the implementation on a voluntary basis of the BSCI Code of Conduct (of the Business Social Compliance Initiative BSCI) in Turkish supply companies in order to improve the on-site working conditions. Over 200 companies participated in this initiative (Utz and Hibbeler 2010). Another measure is the Joint Initiative for Corporate Accountability and Workers’ Rights (JO-IN). Until now, there has been little research examining the question if such transnationally induced activities in Turkey actually result in social change beyond organizational borders and façades of legitimacy.

In the following, several recent studies on transnational corporate culture and CSR concepts in Turkey shall be presented and discussed.

4 Corporate Culture, CSR Concepts, and Labor Relations in Turkey

Cakmakci's study (2009) centers upon universal and particular cultural patterns in the development process of Turkish society. The author scrutinizes social change and industrialization in Turkey during the twentieth century. He examines the correlation between culture and innovation processes in business, viewing culture as both a legitimation frame for business conduct and an influencing characteristic of business conduct. Basing his assumptions on Schumpeter's thoughts on social innovation through business conduct, he differentiates between an industrial-capitalistic modernization including the respective regional cultures and a universally planned industrial-capitalistic modernization through Westernization. Japan, for instance, started out on its industrialization belatedly by imitating Western development, but later on used its own culture for its industrial-capitalistic development process, actually creating the globally successful management concept of lean production. The organization-related Japanese culture helped to create another form of capitalism than the individualistic American culture.

According to Cakmakci, the development of industrial-capitalistic economy in Turkey was closely connected to sociocultural change, even though the direction of this influencing process could not be clearly defined. The economic system did not merely adjust to the existing culture, but selectively modified and implemented several social institutions—such as extended family and community structures—and simultaneously decided not to take up certain elements of Western industrial-capitalistic development (e.g. a professionally organized and unionized work force). Contrary to the Western liberal scheme of modernization, social change in Turkey had been impelled “from above” by an authoritarian government.

With respect to the change in cultural value orientations, Cakmakci cites the results of the internationally comparative studies by Hofstede (1984), Schwartz (2004), the GLOBE study (House et al. 2004), as well as the study on value change by Inglehart and Baker (2000) and notes the peculiarity of Turkish business culture and labor relations. Instead of carrying out a strict cost-benefit analysis during the decision-making process, it is more common to refer to emotions; community and group structures are important for labor relations; superiors demand respect not only for their organizational position but also for them as a person; the role allocation within organizations is strongly oriented towards family structures (the manager being the good father who sees himself affected by all dismissals, even those of less productive employees); the individualization process and independence of individuals is almost as limited within the organizations as it is in Turkish families; status preservation being of vital importance, innovation is often seen as a threat by the companies.

The specific influence of transnational companies on (local) Turkish companies is the focus of a MÜSIAD (Independent Industrialists and Businessmen Association) study (Gür 2014). In a pilot study, 101 member companies of MÜSIAD were consulted, being active in nine different areas (technology, energy, food and

Table 1 Areas influenced positively by transnational companies

Area	Yes	No
Know-how and expertise	86	14
Technology	83	17
Flow of capital from MNC to national companies	73	27
Creation of jobs	93	7
Positive influence on human capital through further education	89	11
Increase of export volume	82	18
Increase of tax revenue	83	17

Source: Gür (2014)

agriculture, services, construction, chemistry, car industry, health and textiles). On average, the companies had been in business for 19 years and employed 153 people. When it comes to export business, half of the companies compete against multinational enterprises and have multinational enterprises as clients. Almost half of the consulted companies purchase intermediates from multinational enterprises. It may consequently be assumed that they have a good knowledge of similarities and differences in business practice and strategy. Three quarters of the companies believe that transnational companies effect Turkey positively, both by spreading technological progress and contributing economically. Table 1 demonstrates the individual aspects of perceived positive effects of transnational enterprises in Turkey.

The consulted companies stated that globalization increased the pressure of competition on national companies, forcing them to look for better further education measures for their employees. Learning processes in transnational companies happened through direct cooperation as well as through the recruitment of qualified workers with work experience in a transnational enterprise. Apart from these more general questions, some studies furthermore specifically discuss the significance of CSR strategies and labor relations taking into special consideration the functions of transnational companies.

In an extensive study, Öztürk and Ayman (2008) examine the different CSR measures taken by companies with and without Turkish origins, selecting the 23 companies listed on the “Most Admired Companies in Turkey” survey conducted by the Capital Turkey (2007) (3 places are occupied by 2 companies each, resulting in a total number of 23). On the basis of the respective web sites of the companies, just fewer than 300 documented CSR activities could be identified until mid-2008. Nine of 23 companies (Coca Cola, P&G, Unilever, Microsoft, Toyota, Bosch, Pfizer, Siemens and Vodafone) had their headquarters in countries other than Turkey. The authors assume that an increasing number of CSR activities may be observed since the year 2000.³ According to their opinion, CSR measures

³Methodological problems and limits of this study cannot be further discussed; it is very possible, for instance, that some companies keep more detailed records of their activities on their websites than others and that some measures taken have not been documented at all or, vice versa,

are especially helpful to emerging nations such as Turkey in provoking social change in the society outside company limits. If you divide the organizations into those of Turkish and non-Turkish origin, it shows that, (1) with regard to the temporal development of CSR measures, Turkish companies started the implementation earlier, (2) there are no significant differences between the companies with Turkish origins and the enterprises operating transnationally concerning the distribution of CSR measures according to their type or area⁴ and (3) the companies' CSR projects have been implemented in cooperation with 7 universities, 11 governmental institutions and authorities as well as 29 NGOs. By increasing the conscience of regional actors and helping to actively shape the Turkish transition process, these cooperations serve as multipliers.

In conclusion, the study about CSR measure clearly demonstrates that we cannot speak of a simple diffusion of management concepts of previously industrialized countries into Turkey. According to the study, since the beginning of 2000, CSR activities of both transnational and Turkish companies have increased simultaneously. Before 2000, one third of the CSR activities with known beginning date had been initiated by transnational companies.⁵ As it is common in Turkey, the biggest part, totaling 80% of the projects, consists in sponsoring initiatives and philanthropic activities in the areas of education and culture.⁶ Fifty-seven percent of the strategic philanthropy-initiatives were initiated by companies originating in Turkey, the contribution of non-Turkish companies being of similar dimensions with the resting 43%.⁷ In this case, the influence of regional culture on activities of transnational companies may be observed since, as noted by Bikmen (2003), Turkish culture itself has been strongly influenced by philanthropic thinking ever since the Ottoman Empire.

A study conducted by Hostut (2016) depicts cultural influences of the organizational environment on transnational companies, precisely comprising CSR strategies and activities in Turkey.⁸ The study's objective is to discover the global and

documented measures have not been applied. Therefore, these results have to be taken with great caution and may only be understood as a first approach.

⁴Only six companies (Garanti Bank, Eczacibasi, Koc Holding, Coca-Cola, P&G, Siemens) engage in activities concerning 4–5 different CSR types. Remarkably, half of these companies are transnational enterprises and the other half shows a high level of international cooperation (which is, many international partners). Generally speaking, companies with less international activity also register a lower number of CSR activities.

⁵The initial date of the initiatives was known in the case of 177 of 272 companies.

⁶In Turkey, CSR projects mostly follow the concept of "strategic philanthropy" and are being established in the educational sector. Issues such as labor rights, job satisfaction and cultivation of the employee's commitment usually do not form part of the CSR activities in Turkey (Yamanoglu 2010; Hostut and Hof 2014; Ararat 2005; Ararat and Göcenoglu 2006).

⁷With a total of 67 philanthropic initiatives, 38 were reported by Turkish companies and 29 by companies originating in countries other than Turkey.

⁸The PR concepts of 9 of 17 transnational companies in the automotive industry listed on the Fortune Global 500 of 2012 were examined by means of interviews with experts, since the majority (13%) of the 100 biggest transnational companies engage in activities in this industry

local characteristics of PR activities of transnational companies in Turkey. Since CSR strategies and activities are generally organized as PR concepts, the study may also be examined from a CSR point of view (Yilmaz 2008). It is investigated if a globally unified PR concept is being implemented in Turkey by transnational companies or if so-called international components may be identified, which promote individual PR concepts for different cultures. Enterprises have the freedom to implement, besides the strategies of their headquarters, a range of local practices and to adapt, for example, CSR strategies to regional peculiarities. In this way, global and regional strategies and local practices are being harmonized by building a metaphorical bridge between global practices and local demands. Studies involving several countries lead to the result that CSR results vary according to the country and its characteristics (culture, institutions, level of development etc.) (Küskü and Zarkada-Fraser 2004; Hostut and Hof 2014; Habisch et al. 2005; Öztürk and Ayman 2013). Koparan's study (2014) on CSR concepts in 30 different industrialized and emerging countries further identifies a significant influence of national culture on CSR activities. Hence, the activities and understanding of CSR by both Turkish and transnational companies is influenced by the traditional philanthropic culture of Turkey.

As mentioned beforehand, CSR concepts and practices directly relate companies and society. They are explicitly bound by institutional expectations originating from their organizational environment, such as demands of shareholders or stakeholders and—especially in Corporate Citizenship—those pronounced by the local society. Corporate Citizenship is a “multidimensional construct” (Hutton et al. 1998, p. 282). Carroll (1991) proposes four dimensions: economic, legal, ethical dimensions and a philanthropic one which comprises the social responsibility of a company as forming part of society. “Corporate Citizenship is all about serving stakeholders well by being an integral part of their lives” (Carroll 2015, p. 83). While economic and legal demands of a company are required by society, the assumption of responsibility is being expected and philanthropic responsibility is a desired conduct (Carroll 1991, 2015). According to Carol, the concept of CSR goes far beyond the extreme of altruistic intentions when following contemporary standards and is starting to turn into the other extreme, namely a concept that has been fully arranged, exploited and strategically rationalized (Carroll 2015). This tendency can also be found in Turkey. On the basis of the philanthropic culture, well-established in Turkey since the time of the Ottoman Empire, strategic, social and financial benefits were derived over time from philanthropic activity and exploited by companies in order to constitute their “Corporate Reputation” (Alakavuklar et al. 2009; Bikmen 2003). These developments may be attributed to exogenous influences. While a growing number of transnational companies in Turkey push on with the Turkish CSR concept by institutional progress and a closer

(UNCTAD 2009) and all brands of this sector can be found in Turkey. Four of seventeen refused to participate in this study, in the case of four other companies, an interview could not be arranged (Hostut 2016).

international cooperation with NGOs, pursuing the objective of Turkey's accession to the European Union,⁹ the studies come to the conclusion that non-Turkish companies adapt to Turkish philanthropic culture when it comes to CSR activities. Instead of creating a diffusion of modern management concepts through transnational companies in Turkey, this correlation based on mutual learning processes could establish a hybrid approach to the assumption of social responsibility, which harmonizes philanthropic responsibility, a desired feature for companies as respectable Corporate Citizens, and strategic CSR of organizations.

With respect to the diffusion of such management concepts and practices, it is often said that the MNC play a pioneering role in the emerging countries. According to Ararat, in emerging countries such as Turkey and other countries with similar cultural clusters—being a combination of short-term culture for alignment, little social collectivism, authoritarian structures and little humane orientation of the managers—a CSR concept may not be developed primarily within the domestic companies (Ararat 2005; Ararat and Göcenoglu 2006).¹⁰ In those countries, CSR can only arise through exogenous influences and institutions. Ararat states that if the philanthropic activities were not being considered, CSR initiatives in Turkey would be implemented by MNC (Ararat 2005; Ararat and Göcenoglu 2006). For some authors, an adoption of such concepts and institutions by pioneering emerging countries such as Turkey is the only solution to achieve integration into the global market economy. Turkey has been strongly advised to adapt to Western or European CSR concepts in order to be able to integrate into the European market since, in Turkey, non-profit activities of companies are not perceived as CSR (Michael and Ohlund 2005; Michael et al. 2005).

It has to be considered, though, that the origin of CSR in Turkey should be defined as the traditional philanthropic culture which, on its part, is subject to religious influences. According to a study conducted by United Nations Development Programme (Göcenoglu and Onan 2008), CSR in Turkey was, at the beginning of the process, subject to completely voluntary measures taken by the companies: “The experience of the philanthropic stage of CSR in Turkey goes back to the Ottoman times. In the Ottoman era, the “*waqf*” (foundation) was the premier institutional mechanism for philanthropic provision of public services such as education, health and social security. Today, most family owned conglomerates in Turkey have an associated *waqf*. In this sense, the public demand from the

⁹The Corporate Social Responsibility Association of Turkey was founded in 2005 in order to turn the already existing social culture of responsibility into an international standard. United Nations (UN) Global Compact played an important role for the institutionalization of the CSR concept. In 2002, a corresponding initiative was signed by two Turkish companies. Nowadays, Turkey is Europe's sixth largest national network with 505 participating companies (UN Global Compact 2014).

¹⁰According to Ararat (2005, p. 252), Turkey shows more of an “in-group collectivism”: “the most dominant characteristic of Turkish societal culture is an in-group collectivism”—even though Hofstede's study mentions “strong collectivism” as a characteristic of Turkish culture (Hofstede 1984).

companies is shaped within the historical “waqf” philosophy and social responsibility identical to donations and philanthropic actions of the companies.” (Göcenoglu and Onan 2008, p. 43). In Turkey, these waqf have been in existence since 1969 (Vehbi Koc Vakfi 1969, Hacı Ömer Sabancı Vakfi 1974 and Dr. Nejat F. Eczacıbasi Vakfi 1978) and, still today, are of great importance for this sector (Torlak 2013).

Two additional studies finally examine the influence of transnational companies on the development of labor relations in Turkey. Seymen and Ceken (2004) screened the transformation processes of labor relations for mutually dependent changes on a macro and micro level. According to Seymen and Ceken (2004), transnational companies influence national labor relations on a macro level. The organization of labor relations is being influenced more and more by cross-border companies, mainly due to their own strong HRM systems. The author declares that the unions lose their capacity to impose measures because of rising unemployment rates in both Turkey and all over the world. Whereas the local union agreement, as an institutional relation between employer and employee, becomes less important due to the decreasing level of organization by the unions, bigger companies have long since established their own regulatory systems for labor relations. The organization of labor relations has therefore become more favorable for the employer’s side. Even though transnational companies are active in different countries and under diverse legal, political and social conditions, they usually manage to implement their own HRM systems, apart from adapting to the organizational environment. Especially in those countries that cannot look back on a long history of their trade unions (Seymen and Ceken 2004), transnational companies strongly influence the core areas of labor relations.

Transnational companies, by means of their cross-border activities, form national labor relations and two different systems are brought closer to each other, basically creating hybrid forms. This may lead to the erosion of the national character by labor relations. On a micro level, Seymen and Ceken examine the role of personnel management and the influence of HRM on transformation processes of labor relations. When it comes to HRM, transnational companies are far ahead of national companies.

Sari-Gersil (2004) describes the influences of cross-border companies on labor relations in Turkey in a very similar manner, but includes Push and Pull factors of cross-border activities. While cheap labor and production in emerging and developing countries are described as pull factors for foreign investment, the corresponding push factors are increasing competition and a tendency for saturation on the local markets as well as stricter regulations for the tax and legal systems (Tokol 2001, p. 2). The author concludes that, apart from the social classes of “Blue Collar” and “White Collar”, a new class emerges, namely “Gold Collar”.¹¹ As it

¹¹The term Gold-Collar Worker was coined by Kelley (1985). It describes persons with a high transnational cultural capital. Gold-Collar workers are actually qualified White-Collar workers and

were, the presence of transnational companies thus results in new dynamics in Turkish social life.

5 Transnational Organizations and Social Change

In conclusion, it shows that relations between social change and transnational organizations are fairly complex. Transnational for-profit and non-profit organizations may serve as an important catalyst or even initiator for certain areas of social change. However, they do experience change themselves, since cultural, technical and social impulses contribute to the constitution of the original organizations as soon as they expand their activities to other countries. According to quantitative weight and qualitative significance of new activities abroad, the prevailing social conditions of that country can have considerable impact on the structure and working methods of transnational companies. While BMW, Volkswagen or Mercedes-Benz are still mostly perceived as German or German-based companies—in spite of the expansion of their transnational activities—Shell is usually not being identified as a Dutch enterprise (Bartlett and Ghoshal 1989).

This can also be applied to the area of non-profit organizations: Greenpeace is hardly perceived as a Canadian and Doctors without Borders hardly as a French organization. The Rockefeller Foundation, however, is clearly identified as an US-American foundation. Cross-border organizations may therefore influence social change in certain countries or regions, while simultaneously being influenced themselves by their expanded activities and the new environments. At the same time, social change is ever more strongly becoming a cross-border process of change and is no longer enclosed in national society. This becomes obvious when looking at general technological developments such as internet-based means of communication which have spread all over the world in no time. However, following the example of Corporate Social Responsibility, it also applies to management concepts and personnel policies.

The example of transnational companies in Turkey clearly demonstrated that CSR politics and structures consist in a complex mixture of traditions based on the country of origin's culture and cross-border or rather universal development strategies. The real transformation process does lead neither to a general convergence of procedures and structures nor to stronger divergence of the same. The relationship between social change and transnational companies in the area of CSR may be adequately described as convergent divergence and divergent convergence. On the one hand, the CSR structures and strategies practiced by organizations—based on very divergent social traditions—have the tendency to move closer to one another (divergent convergence). This, however, does not result in homogenization but in a,

are defined as independent, innovative and incredibly valuable because they possess the means, knowledge and imagination which are absolutely necessary for today's information society.

always very specific and divergent, processing and integration of general convergent formulas (convergent divergence). Hence, companies and other organizations are able to take up the same terms and concepts, taken from globally distributed manuals and best-practice catalogues, and still fill them in with a different type of content or socially contextualize them in a different manner. For this reason, the empirical analysis of the relationship between social change and transnational companies or organizations will remain an important task for scientific research.

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