Corporate social responsibility in construction industry
A comparative study between UK and Turkey

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Abstract

Purpose – Corporate social responsibility (CSR) has evolved to an important agenda for many industries and its scope has been widened from the responsible business to strategic decisions. Therefore, the purpose of this paper is to investigate the concept of CSR from the perspective of construction industry by questioning CSR awareness, CSR activities and CSR integration with a comparative case study between UK and Turkey.

Design/methodology/approach – Conducting comparative and qualitative research using a case study methodology, this study sets the context for understanding differences in these two countries as to how CSR is perceived and put into practice by selected case firms.

Findings – The results revealed that construction companies are aware of the increasing importance of the CSR; however, company scale and the characteristics of the country have great impact on CSR preferences. Despite the differences in the approaches all firms take with regard to CSR domains and CSR types, ethical domain and the social orientation have become prominent for CSR initiatives in both the UK and Turkey.

Originality/value – This study provides the empirical evidence for the understanding and integration of the CSR concept in the construction industry; shed light on missing knowledge about CSR integration and serves as a source for further in-depth researches on CSR.

Keywords Responsibility, Turkey, UK, Stakeholders, Corporate culture, Construction management, Environment, Business strategy, Economic sustainability, Construction companies, Corporate social responsibility (CSR)

Paper type Case study

Introduction

Corporate social responsibility (CSR) is a fast growing phenomenon that influences organizations to account for any detrimental effect they have on the natural environment and society. In recent years there has been a significant growth in the number of companies that have an explicit policy on CSR. Although it originates from philanthropic activities, CSR has also been suggested as an alternative discourse for gaining long-term competitive advantage (Green et al., 2008; Larsen et al., 2012). Despite the growing body of literature emphasizing the importance of socially responsible behaviour by companies, most studies have focused on efforts to document and understand the antecedents and consequences of CSR implementation – or lack of implementation (e.g. McWilliams and Siegel, 2000; Margolis and Walsh, 2003; Barnett and Salomon, 2006; Aguinis and Glavas, 2012; Peloza and Shang, 2011). At the same time, it is important to note that, the majority of empirical research on CSR applications of business is about developed countries’ applications. Also, there seems to be few empirical studies related to the subject in project-based industries such as construction (Chiveralls et al., 2011).
It is a well-known fact that the construction industry has been blamed for exploitation of natural resources. Firms operating in the industry have to tackle a number of CSR issues such as the nature and status of employment, environmental concerns and relationships with communities and ethical business processes (Barthorpe, 2010). Yet, many companies in this industry are having difficulties in integrating their social, ethical and environmental concerns into their operations and stakeholder interactions. This is particularly true for the Turkish Construction industry. Additionally, the field of empirical CSR research generally has been hampered by little attention to comparative issues (Aguilera et al., 2007). Given the UK’s leadership role in encouraging CSR, this paper addresses cross-country differences between Turkey and the UK perspectives and policies on CSR within the context of construction companies. Comparisons between Turkey and the UK are of particular interest because these countries are examples of developed (the UK) and developing (Turkey) markets. Conducting comparative and qualitative research using a case study methodology, this study sets the context for understanding differences in these two countries as to how CSR is perceived and put into practice by selected case firms. Therefore, the research question for this study is how construction companies approach and react to CSR, what are the similarities and differences in their CSR concept depending on the company scale and the country setting in which they are operating.

Theoretical background
Despite its long historical background, defining CSR is difficult because it is a multidimensional and nebulous concept, which can mean dissimilar things to different organizations. It is therefore not surprising to find a consensually agreed upon definition of CSR. The common dominator is that most definitions refer to the importance of CSR as a way of sprucing the corporation’s identity and image. The term is also interchangeably used with corporate governance, corporate citizenship, corporate accountability and business ethics. The lack of a universal definition of CSR makes it difficult to evaluate and compare the findings from different studies because they usually refer to different dimensions of CSR.

In one of the early definitions of the concept, Barnard (1938, p. 5) stated that CSR “analyses economic, legal, moral, social and physical aspects of business environment”. More comprehensively, Carroll (1979, p. 500), one of the early CSR theorists proposed a four-part conceptualization of CSR which included the view that the corporation has not only economic and legal obligations, but also ethical and discretionary (philanthropic) responsibilities that society has of organization at a given point in time. A review of the literature on the concept and practices of CSR to date is beyond the scope of this paper and the reader is referred to Carroll (2008) and Carroll and Shabana (2010). Through the years, research on CSR has taken different approaches; however, a considerable amount of empirical research has only focused on the relationship between the social and the financial performance of business corporations (i.e. Geva, 2008). Lately emphasis has been moving from CSR as a profitable business strategy to the evaluation of business response to social responsibility and social issues. Several theories have been offered to provide the framework of CSR. Among them, Carroll’s Three Dimensional Model of CSR has been very influential in studies of CSR, which explains the CSR with three different dimensions such as CSR types, social responsiveness, and social issues (1979). Later, he introduced “the Pyramid of CSR” to explain the responsibilities of business, which begins with the economic performance at the bottom, goes through with legal, ethical issues and finalize with philanthropic responsibilities at the top in a hierarchy (Carroll, 1991a, b).
However, the meaning of the CSR has developed far beyond of presenting it within hierarchical view later. Therefore, “Three-domain model of CSR” proposed by Schwarz and Carroll (2003) to explain CSR activities, which seems more suitable to explain CSR theory in today’s business. This model divides the activities into three domains, which are economic, legal and ethical with embedding philanthropic responsibilities in all domains.

Besides theoretical improvements, there has been great development about standards, management systems and guidelines about CSR. Increased attention on sustainable development, and environmental, social and economic sustainability orientation accelerated the importance of the CSR concept in business. Many business and non-governmental organizations have produced frameworks, assessment systems to manage and measure CSR. Mainly they could be listed from very beginning with London Benchmarking Group, 2010; Corporate Citizenship Company, 2005; Busines in the Community, 2010; Global Reporting Institute, 2006; Dow Jones Sustainability Index, 2009; AccountAbility 2010; GoodCorporation, 2010; FTSE4GoodIndex, 2010 (see Barthorpe, 2010 for complete list). Some recent examples include BRC Project (Commission of the European Communities, 2010) and ISO 26000 (International Organization for Standardization, 2010). Among them the BITC CR Index has been visited in detail to amplify the research perspective besides the academic researches. BITC CR index has started with the corporate strategy, which focuses on demonstrating business opportunities and risks, finding the ways mitigating the risks, and increase in benefits. Then, the index continues with the integration part, which questions the companies about how they organize and manage the CSR activities and communicate with others. Next, companies are expected to define how their CSR activities are being conducted in the areas of marketplace (i.e. stakeholder management, supply chain activities, transparent business transactions), workplace (i.e. continuous improvement of employees, equal opportunities, work-life balance, health and safety), environment (i.e. climate change, carbon footprint, pollution, waste management, energy efficiency) and community (i.e. voluntary activities, supporting local people and economy and community investments). (BITC, 2010; Commission of the European Communities, 2011). Among all studies on the CSR, Schwarz and Carroll’s (2003) Three-domain model of CSR and the CSR activity types defined by the “BITC CR Index” are used as a basis in this study. The only difference has been made in the “community” heading and it is used as social activities in order to cover wide range of activities related to the social dimension of the CSR.

**Research methodology**

This study aims to gather specific information on the current status of CSR engagement and the level of awareness as well as highlighting current practice in the field of CSR in construction industry. When CSR is considered in the context of construction, there appears to be a lack of case-based, experiential evidence to draw upon. Research has started with the literature review to analyse and identify the theoretical background of CSR. The unit of analysis for this study was defined as business unit because the research aims to investigate the CSR from organizations’ perspective. To present more powerful results than a single case study (Yin, 2003) multiple case study methodology was conducted with four cases, which consist of two mid-sized and two large-sized companies from Turkey and UK. No attempt was made to generate a representative sample since the study aims to produce analytical, rather than statistical generalizations. Choosing different countries and scales give the possibility to see the subject from different viewpoints. The selected organizations are well balanced in terms of size.
Case selection was made upon the following criteria: first, the companies should mention about the CSR subject in their company vision, mission statements, values or strategic plans; second, the companies should have a special CSR-related sections on the company web pages, which explain their CSR activities; third, the companies should use the indexes, assessment tools and standards related to the CSR; and fourth the number of employees and the industry in which they operate. Semi-structured interview was used for data collection and interview questionnaire was developed with the guidance of the literature to reveal background information on companies, and sought to discover levels of CSR awareness, how companies define it and the types of CSR activities that companies are undertaking. Besides, the questions disclose the companies’ expectations from CSR, stakeholder reactions to CSR integration, difficulties and benefits that the companies have experienced. The majority of the questions were “open-ended” in order to keep flexibility and depth of information. First, empirical findings were ordered in the structure of the questionnaires as interpretation of interview answers as well as direct quotations from the interviewees’ comments. For the next step, the findings found from interview analyses were compared with the theoretical findings and intra-case and cross-case analyses were conducted. Lastly, summary of the findings and recommendation for future work were given in conclusion part.

Findings and discussion
Based on data derived from in-depth semi-structured interviews, the study represents current practice and expert judgments of the interviewees on CSR in the construction industry. Although job titles varied between interviewees, the research is grounded in the perspectives of owner managers; whose personal values often influence the strategic direction a company takes (Burns, 2001). For the purpose of confidentiality, the names of the firms have been changed. Case company A (MS-UK) is the medium-size company in UK, which was founded in 2000 and has specialized in refurbishment and fit out projects. The interview was conducted with the owner partner of the company, who is the responsible person for CSR activities. Case company B (MS-T) is the medium-size Turkish company, which was founded in 1961 and has specialized in residential projects. The interviewee was the corporate communications coordinator, who is the responsible person for CSR-related activities within the company. Case company C (LS-UK) represents the large size UK company, which has undertaken education, justice, retail, social housing constructions as well as fit out and regeneration projects since their establishment in 1952. Interview was conducted with a pre-construction manager and the responsible people for CSR is specified as board level managers with advice from non-executive directors. Lastly, Company D (LS-T) is the large scale Turkish case company, which was established in 1963. Main activity areas of the company are building projects, ports, industrial plants and transportation construction. The interview was conducted with corporate relations manager. Corporate relations department and technical management departments of each project direct CSR activities of the company.

Company vision and mission as a basis for CSR
For an initial understanding of the motivations behind the firms’ interest in CSR, it would be useful to review key corporate documents such as mission/vision statements for actual and potential CSR implications. Table I summarizes the mission/vision
statement findings associated with the UK and Turkish firms and their interpretation according to the “Three Domains of CSR” (Schwardz and Carroll, 2003). The findings confirm the view that if CSR is to be regarded as an integral part of business decision-making, it must have a prominent place in a company’s core mission/vision statements (BSR, 2003). There are both similarities and differences between Turkish and the UK corporate mission/vision statements. The mission/vision statements of the sampled companies are often effectively codes of “CSR” in themselves. However, it is interesting to note that the word “CSR” does not take part in the companies’ mission and vision statements. In addition, they have focused on the core values of their business to satisfy shareholders while continuing to be an agent of social and economic development through responsible construction. An investigation of the corporate mission statements of Turkish firms reveals that they are similar in many respects to those of their UK counterparts, but are different in two respects. They focus more on public image and less on survival and growth. They emphasize cultural values of nature, harmony, relationships, and positive image projection. Additionally, firms in the UK tend to be

<table>
<thead>
<tr>
<th>Company name</th>
<th>Company mission/vision statements</th>
<th>CSR Domain</th>
<th>CSR Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A (MS-UK)</td>
<td>People-focused business</td>
<td>Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Excellence in construction</td>
<td>Ethical</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Investment in environment, training, and staff development</td>
<td>Ethical</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Work-life balance</td>
<td>Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Contribution to the society</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td>Case B (MS-T)</td>
<td>Satisfy the shareholders’ expectation</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Comply with rules on environment</td>
<td>Eth &amp; Leg.</td>
<td>Environmental</td>
</tr>
<tr>
<td></td>
<td>Comply with rules on health &amp; safety</td>
<td>Eth &amp; Leg.</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Risk management</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td>Case C (LS-UK)</td>
<td>Adding continuous value to the clients and shareholders</td>
<td>Ethical</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Contributing the society</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Sustainable and responsible manner</td>
<td>Ethical</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Human touch</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Relationship focused</td>
<td>Ethical</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial and direct</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Visible-well known in the community and industry</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Determined the preserve our environment</td>
<td>Ethical</td>
<td>Environmental</td>
</tr>
<tr>
<td>Case D (LS-T)</td>
<td>Being a corporation where its employees and stakeholders are proud of working with</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Human (against discrimination, language, gender, race; healthy and safe workplace; zero occupational accident)</td>
<td>Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Work (responsibility, consistency, honesty and fairness, quality in all business process</td>
<td>Ethical</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Society (sustainable contribution to society; support economic, cultural, and social development)</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Environment (minimize negative impacts on environment, encouragement for conservation and recycling)</td>
<td>Ethical</td>
<td>Environmental</td>
</tr>
</tbody>
</table>

Table I. Company mission/vision statements
more eager to show that they “cared” about CSR issues, at least, on the surface, whereas Turkish firms are more likely to include CSR issues in their websites only as a response to stakeholders’ scrutiny and pressures.

**CSR drivers**

Apart from asking the interviewees about their CSR understanding they were also asked about the compelling reasons in CSR (CSR drivers) engagement process (Table II). The most widely believed reason for engaging in CSR is often profit and value maximization in which companies hope to increase their profit for both short term and long term. Answers point out that companies do not see the legal domain as a reason in CSR engagement, and they agree on that CSR is more than legal domain as a result of its voluntary basis. However, increased attention on the responsible business approach (i.e. European Union policies in procurement systems) could make the legal domain a possible reason. While the ethical orientation has been common reason for most of the case companies, mid-size case company from Turkey does not refer the ethical reasons in their compelling reasons of CSR engagement, and solely focused on the economic orientation. This reveals that while the companies point out mostly ethical and economic reasons in their CSR understanding, economic orientation could be the basic reason in CSR adoption.

**CSR engagement**

Results indicate that CSR engagement in UK case companies dates back 15 years time, whereas CSR activities in Turkish companies become prominent in the second

<table>
<thead>
<tr>
<th>Company name</th>
<th>Drivers of CSR</th>
<th>CSR Types</th>
<th>CSR Domains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A (MS-UK)</td>
<td>Vision of the founder-Our business approach, the way of making business</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Contribute the regional economy</td>
<td>Ethical &amp; Economic</td>
<td>Marketplace &amp; Social</td>
</tr>
<tr>
<td></td>
<td>Reintegrating disadvantaged people</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>Future of business strategy</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td>Case B (MS-T)</td>
<td>Brand positioning</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Increased recognition</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Differentiation</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Competitive advantage</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Reputation</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td>Case C (LS-UK)</td>
<td>Right thing to do</td>
<td>Ethical</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Reduced impact on planet</td>
<td>Ethical</td>
<td>Environmental</td>
</tr>
<tr>
<td></td>
<td>Behaving ethical to people/community</td>
<td>Ethical</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td>More business approaches</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Brand recognition as responsible manner</td>
<td>Economic &amp; Ethical</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Employee satisfaction</td>
<td>Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Low rate of stuff churn</td>
<td>Economic &amp; Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td>Case D (LS-T)</td>
<td>Best work philosophy</td>
<td>Ethical</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Well-constructed business</td>
<td>Economic</td>
<td>Marketplace</td>
</tr>
<tr>
<td></td>
<td>Qualified workforce</td>
<td>Economic &amp; Ethical</td>
<td>Workplace</td>
</tr>
<tr>
<td></td>
<td>Reduced impact on natural environment, human life</td>
<td>Ethical</td>
<td>Environmental</td>
</tr>
</tbody>
</table>

Table II. Drivers of CSR
half of 2000s. Early CSR integration in the UK could be attributed to the effect of
initiatives such as Latham Report (Latham, 1994) or Construction Industry
Environmental Forum (Barthorpe, 2010). On the other hand, there is less
improvement about the concept of CSR from the perspective of Turkey. CSR in
Turkey Evolution Report states that there is still confusion about the concept of CSR
in business environment in Turkey. Corporations have sensitivity about the social
and environmental subjects in simple terms; however, gathering such activities under
CSR is rather a new agenda. Corporate Governance Principles published by Capital
Markets Board of Turkey is accepted as the first published reference refers to the
CSR (Gocenoglu and Onan, 2008). Establishment of CSR Association of Turkey in
2005 is another important step about the CSR process in Turkey. The aim of the
foundation is to introduce necessary tools, resources and methods, which allow
companies fulfil the economic, social and environmental responsibilities and
contribute the social development (CSR Turkey, 2011). Besides, Turkish large size
case company points out the effect of UN Global Compact agreement in their CSR
engagement and stated that the Global Compact helped them to define their socially
responsible activities as CSR and increase their CSR consciousness. What was
common across the case companies was the view that governmental initiatives and
the activities of global agencies such as UN could help to increase the CSR awareness
of the sector.

When the effects of the construction sector’s CSR awareness on the case companies
were asked, results showed that British construction sector’s CSR awareness redounds
positive effects on the case companies although there is an increase in low-cost strategy
as main agenda. On the other hand, the case companies from Turkey assert that there is
a low level of awareness of CSR in the local construction sector and that since it is a
rather new phenomenon for Turkey they are in the lack of drawing attention of the
society. It could be concluded that CSR has started to affect and change the business
systems in UK construction sector; however, it is in initial phase in Turkey and needs
time to create an effect.

CSR practices
With regard to the activities and preferences of the case companies in CSR processes,
all seems aware of the existing standards for CSR, particularly from the UN Global
Compact, the Global Reporting Index and the Social Accountability International.
They are also aware of ISO systems - ISO 140001, ISO26000, ISO9001; environmental
sustainability tools such as BREEAM, LEED, CO2 Indexes, and human-related
systems like IIP (Investor in People), OHSAS, and Future Job Fund. The findings about
how companies are embracing CSR reporting show that, all companies have some
CSR-specific mechanism inside the company. Furthermore, it was also noticeable from
the study that the use of company-specific systems and policies was common to
mid-size case companies, whereas, large size case companies prefer to adhere national
or international standards.

In short, adopting third body assessment systems, setting up company-specific
systems or assessment tools and adopting international NGO’s CSR principles become
prominent among the case companies, however, companies choose different ways in
CSR activities depending on their company characteristics. Setting up company-
specific systems that is by local parameters and current conditions could increase the
benefits reaping from CSR, and could get the effectiveness not only the company but
also business environment and society.
The importance of CSR types

The case companies were asked to rank their CSR activities in terms of workplace, social, environmental and marketplace areas. It is interesting to note that neither the case companies that belong to the same country nor the companies that are in same size have similar ranking. It should be noted that British case companies behaved quite decisive in their ranking, while Turkish case companies point out that their ranking represents only current situation and does not show the targeted ranking. This points out that Turkish construction companies are prone to adopt unsettled CSR activities while UK construction companies have certain choices. The reason could be that UK construction companies have engaged with CSR before than Turkish construction companies, and settled up stable systems.

Results indicate that UK firms have given higher priority to workplace activities than their Turkish counterparts. One reason could be associated with high-level emphasis for health and safety regulations and other workplace-related procedures in UK. Another reason could be the company’s differentiation strategies. For instance, Case A (MS-UK) give high priority to social type of CSR activities, because the company aims to differentiate itself with people-focused business approach in the market. Similarly, Case C (LS-UK) places environmental type of CSR activities in the first place, because the company sets up brand recognition with sustainability. On the other hand, Case B (MS-T) ranks the marketplace related CSR activates as the most important type of CSR, although they try to set up brand recognition with sustainability focus. This could be an example of adopting sustainability as a reason of business advantage with economic considerations. Lastly, Case D (LS-T) ranked the social activities in the first place because they believe that they can increase both the people’s awareness for responsible business and brand recognition of their company through social activities.

Benefits reaping from CSR integration

List below present the brief description what benefits do the case companies reap from engaging in CSR activities. As seen from the answers, companies receive many benefits from their CSR activities and it provides positive effects to their business. Increased business relations and new business opportunities are the common points in their statements among many other benefits as they have experienced individually.

Benefits of CSR integration process:

(1) Case A (MS-UK):
- positive reactions from clients;
- new business opportunities; and
- dedication, loyalty, commitment and respect from their staff.

(2) Case B (MS-T):
- positive effect on business process;
- strengthened company image;
- increased brand recognition; and
- being good at CSR gives inspiration and motivation.

(3) Case C (LS-UK):
- reputational gain;
BEPA 6,2

(4) Case D (LS-T):
- improved company prestige;
- improved brand recognition;
- recognition by international credit organizations;
- improved competitiveness;
- improved business relations; and
- remembered as responsible corporation by business partners.

Obstacles in CSR integration process

List below represents the obstacles that could be faced during CSR integration process in construction industry. Current low-cost strategy in UK construction industry occurred as an obstacle for British case companies. Other obstacles came from the characteristics of construction industry such as limited project time, low-information sharing, being dependent on local conditions. However, these are cold facts of construction industry and the problem could be solved with evaluating the CSR from the perspective of the industry conditions and adopting new strategies, which could work actively despite all negative characteristics of the construction industry. There are important steps overtaken in the construction sector after Latham and Egan Reports, which aimed to increase the image of construction industry, and CSR could be used as a key in this process (Latham, 1994; Egan, 1998).

Obstacles in CSR integration process:

(1) Case A (MS-UK):
- People’s negative approach to employment of people who have disadvantaged background;
- Money-focused business approach; and
- Limited project time.

(2) Case B (MS-T):
- CSR is much more than thinking about obstacle.

(3) Case C (LS-UK)
- Cost of CSR and the current economic climate.

(4) Case D (LS-T):
- Construction industry characteristics; and
- Low CSR sharing in construction sector.

CSR orientation

Case companies were asked to rank leading causes in CSR engagement in terms of ethical, economic and legal orientation. Despite the different approaches to CSR types and application of different processes in CSR integration, companies agree on the same ranking in engagement reasons. Primary reason in CSR engagement is stated as ethical
considerations. Then, they agree on that CSR engagement with ethical reasons brings them economic opportunities directly although they do not have economic motive primarily. In addition, they all agree on that CSR is not a legal concept and should be adopted on voluntary basis.

**CSR measurement systems**
Results indicate that case companies prefer using different measurement techniques. Trying to do best, aim-result comparisons, departmental reports are specified as basic tools for measurement of CSR performance. Development of company-specific systems and adopting third party measurement systems are seen two main types of measurement. Medium-size case companies differentiate in measurement system preferences. Case A (MS-UK) does not have a specific type of measurement systems, and explains the perspective of company as trying to the best. Case B (MS-T) emphasizes in-house recognition research, and aim-result analysis as the measurement system for CSR activities. Large size case companies (Case C, D) follows slightly different approach for CSR measurement and prefer to adopt international standards, and principles (GRI, BITC) as well as developing company-specific measurement systems. The reason could be explained with more structured business systems and economic capabilities of the large size companies. Besides, large size construction companies have some specific employees or departments that engage with the CSR-related activities. Despite the differentiation in the measurement systems, all case companies agreed on that measurement raises the effectiveness of the CSR.

**Stakeholders’ reaction to CSR activities**
Lastly, companies were asked to explain stakeholders’ reactions to their CSR activities. The reason in asking about stakeholder’s reaction is the increased importance of accountability to the business stakeholders and public. Porter and Kramer (2006) points out that there is an increased external stakeholder effect that holds the companies responsible for ethical, social and environmental effects of their business activities. Interviewees also support the importance of stakeholder relations not only in their general business relations but also in their CSR activities. As presented in the list below, answers show that case companies receive positive reactions such as new business relations, increased customer satisfaction and reputation, expansion of economic conditions, increased bank support and appreciation. The only negative approach mentioned by the Case A (MS-UK). The interviewee relates the negative reactions of some stakeholder to the company’s specific CSR approach (employing challenged background people). However, the interviewee added that their stakeholder’s reaction is changing positively after an inter-knowledge process and successful business results.

**Stakeholder reactions to CSR activities:**
(1) Case A (MS-UK):
- positive reactions from business environment;
- new business chances;
- positive approaches from banks; and
- negative approaches from clients (however it is changing by time).
Case B (MS-T):
- positive reactions from business environment;
- increase in corporate reputation and customer satisfaction;
- increase company economic conditions; and
- improvements in construction sector.

Case C (LS-UK):
- positive reactions in general; and
- positive feedbacks especially originated from community engagements and sustainable development.

Case D (LS-T):
- appreciation is getting from local area (letter of tanks, and appraisals);
- positive reaction in international area; and
- positive impacts on business.

Conclusion
This study attempts to contribute to our understanding of CSR practices in the UK and Turkish construction industries and explore differences in CSR processes between firms from two countries. It is to be acknowledged that the samples are not representative for the UK and Turkish construction industries, particularly not for smaller companies, and that the findings’ generalizability is therefore limited. The results reported are tentative but promising. Respondents across the cases did report that there was a low awareness of CSR in the construction industry. Yet the analysed case companies are rather aware on their social responsibility. On the other hand, although there are differences in approaches all firms take with regard to CSR domains and CSR types, ethical domain and the social orientation have become prominent for CSR initiatives in both the UK and Turkey. Furthermore it should be noted that, economic reasons play a hidden role in CSR engagement for the case companies. Although they do not directly give importance to the economic motive, their answers indicate that it is the main underlying reason in their CSR adoption. On the other hand, having different preferences in the importance ratings of CSR types is a natural consequence of changing characteristics of countries, company scales and the activity types and activity areas of the case companies.

The timing of the introduction of CSR also varies among the analysed case companies. While it is, for example, a relatively new concept in Turkey where it was introduced in 2000s, the concept of CSR in the UK stem from the 1990s especially after the initiatives and reports that aimed creating excellence in construction industry. These varying time horizons correspondingly lead to different levels of awareness and practical implementation of the concept into construction business. It is also evident that the companies have chosen different standards to address CSR.

When investigating its practical application in the case companies analysed, it becomes obvious, that companies were aware of many CSR-related tools, indexes and mechanisms; and they apply some of them, which is more suitable to their company characteristics. CSR tools’ preference differentiated according to company scale among case companies. While medium-size companies prefer setting up some company-
specific solutions, large size case companies prefer adopting international CSR standards or principles. All case companies were aware of the importance of the measurement and communication of CSR and they are actively applying company-specific solutions.

Next, CSR integration processes were visited with questioning the difficulties, benefits, obstacles and expectations in CSR engagement process. Although there are some problems and obstacles in CSR adoption process for all case companies, they receive many benefits of CSR. It could be stated that except the current low-cost strategy in the construction industry all case companies are opportunistic about the advantages of the CSR.

As a result of using case study methodology and focusing on limited size of cases, results could not be generalized for the construction industry. However, it is believed that this exploratory study has provided some insight into the issues regarding CSR in the construction industry reflecting the views of experienced individuals within the industry. While case companies from UK present the CSR integration process of the construction companies in a country in which the CSR subject has been an important agenda for many years, case companies from Turkey represents the examples in a country in which CSR subjects is a new agenda. Main target in selecting different size of case companies is questioning the whether there are differences arising from the company scale or activity type.

In conclusion, using case companies that have different characteristics provide cross-matching of findings and present the subject from different perspectives. Especially, from the perspective of Turkish construction industry, CSR is rather new subject and there is still confusion about it. This study could be used as a starting point in CSR research specific for construction industry in Turkey. It is hoped that a more extensive research covering a much larger sample size and cross-cultural studies could be conducted in the near future.

References


Further reading


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