Chapter 6
Sustainability Reporting and Sustainability in the Turkish Business Context

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ABSTRACT

Companies have started to publish social and environmental reports, in addition to their financial reports. Disclosing non-financial information takes the form of sustainability reports due to some pressures from the environment. The reasons of why organizations publish sustainability reports and benefits that can be obtained with such disclosures can be explained from institutional theory, legitimacy theory and stakeholder theory perspectives. This chapter aims to broaden the understanding about sustainability reporting. Thus, after a quick introduction with the meaning and scope of sustainability and organizational sustainability, theoretical framework for sustainability reporting practices and related studies from different organizational contexts are examined. Besides, sustainability in the Turkish business context is shortly addressed.

INTRODUCTION

Every individual, group, organization and society influence and are influenced by its wider context. In the past decade, especially globalization and its by product boundaryless economy tremendously effect all people, organizations and governments worldwide. In order to become competitive both locally and globally, organizations feel the need to keep pace with the challenges and possibilities in the environment. Especially, the power of multinational corporations have transcended borders and made people in poorest and developing worlds more powerless and defenseless. There has been a major increase in the view that business is responsible for social, environmental and economic problems to a large extent. As Porter and Kramer (2011: 4) puts "companies are widely perceived to be prospering at the expense of the broader community." Exploitation of resources in the form of natural and physical capital has started to annoy people, and there become a public pressure on the sustainability of common business

practices. According to Hart (1997: 76) "responsibility for ensuring a sustainable world falls largely on the shoulders of the world's enterprises."

The report of World Commission on Environment and Development (WCED, 1987), sometimes referred as Brundtland Commission, is commonly mentioned as the spark of sustainability initiatives worldwide. The focus on the present tense regarding economic development transcends to welfare of future generations. Activities that lead to extinction of resources were once counted as positive improvements, but WCED changed this view (Savitz, 2013: 30). From a systems perspective, WCED (1987: 8) conceptualizes sustainable development as "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs." WCED states that it includes both the concepts of 'needs' of people and 'limitations' imposed by institutions.

In essence, sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development; and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations (WCED, 1987: 10).

As it stated by WCED, sustainability requires attempts not only from individuals and governments, but also from companies. In a holistic sense, stakeholders of the earth need to be engaged to prevent degradation together.

Environmental accidents and disasters, corporate accounting scandals, economic crises and similar issues raised a huge criticism against companies and created incredible pressure on them to become transparent and accountable (Herzig & Schaltegger, 2006: 306; Kolk, 2008). Companies feel the need to fight for their legitimacy in order to operate (Porter & Kramer, 2011). Thus, as part of their attempts to survive, they started to issue reports on social and environmental subjects. However, some considered this legitimacy gap as an opportunity, and used social and environmental expectations in favor of them. Contrary to the neoclassical view holds that social and environmental developments are simply costs with regard to companies (Porter & Kramer, 2011); they found "sweetspots" that merge economic and social/environmental dimensions of sustainability (Savitz, 2013).

This chapter aims to explain business case for sustainability with a more focus on sustainability reporting. First, the meaning of organizational sustainability and benefits of implementing and embracing sustainability for companies will be addressed. Second, sustainability reporting and underlying theoretical framework for sustainability reporting practices will be discussed. Then some studies related to sustainability reporting from different organizational contexts will be reviewed. Finally, the situation of sustainability in the Turkish business context will be mentioned shortly.

ORGANIZATIONAL SUSTAINABILITY

Following the definition offered by WCED (1987), Dyllick and Hockerts (2002: 131) transfer the idea of sustainability upon business, and define it as "meeting the needs of the firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet future stakeholder needs as well." With a similar logic, Bansal and DesJardine (2014: 71) define business sustainability as "the ability of firms to respond to their short-term financial needs without compromising their (or others') ability to meet the future needs." Van Marrewijk's (2003: 102)

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