

## Holistic Sustainability View and Corporate Social Responsibility: A Case Study of Gunes Sigorta's Micro Credit Integrated Micro Insurance Project

Kalkavan S\* and Cetin S

Istanbul Aydın University, Istanbul 34295, Turkey

### Abstract

The aim of this study is to provide a case study about corporate social responsibility. The examined case study is Gunes Sigorta's MicroCredit Integrated MicroInsurance Project. Through this project, 67,756 low-income female entrepreneurs and their families were assured and insurance awareness in the target audience was increased with the indemnities. Considering the results, the interaction of the organization with its stakeholders and corporate reputation were affected positively.

**Keywords:** Corporate social responsibility; Social responsibility; Gunes sigorta; Micro credit; Micro insurance

### Introduction

"Sustainability" has been the most important energizer for both personal and corporate development in recent years. Beside the price and quality of the service, a strong corporate image is also important for corporate sustainability. In this context, Russ Ackoff said "*Profit is like oxygen. If you don't have enough, you won't be around long; but if you think life is about breathing, you're missing something.*" and stated that companies are not only corporations which make profits by selling products and services with only economic functions but also corporations which have social responsibilities. A social mission is the essence of a successful business. Corporations which aim to sustain its wealth in long term should have an understanding of social responsibility and should do something for the society they operate within [1].

With the increasing demand of the society in the social responsibility field, the companies evaluate the social and environmental results together with their traditional financial, legal and business evaluations, and they are assessed by their stakeholders, including the employees, according to these results. The aim of social responsibility is stakeholder satisfaction and the target of it is the society as a whole. Corporations have to be aware of their social responsibilities and have to fulfill them effectively for a positive corporate image and stakeholder satisfaction.

In summary, the perceived definition of corporate responsibility has been broadened to stakeholders (employees, clients, pressure groups, communities, future stakeholders and so on) from owners and shareholders [2,3]. As a result, the social and environmental challenges of the 21st century trigger the commitment to CS among organizations and foster the global economic and political order for it to be grounded in different values and practices [4]. Both CS and CSR hold "promises regarding social, economic and environmental concerns in business activities for an enhanced natural and business environment for future stakeholders" which in fact frames the very broad and somehow unclear definition of corporate sustainability [2,5,6]. World Commission on Environment and Development published the mostly cited definition for CS as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). Thorough review of the literature about corporate sustainability, directed us to a significant polarization around a four-component model which demonstrates the different understanding regarding the subject. The following Figure 1 summarizes the definitions in the corporate sustainability literature:

Above Figure 1 summarizes and reflects the specific aims, understandings and motives of the organizations regarding CS that matches with the business activities, goals, intentions, strategies and responses of those organizations to different circumstances [7]. Organizations that focus on economic performance, growth, long term profitability and maximization of return to their shareholders are classified as economically sustainable companies [2,3,5,6]. On the other hand, ecological sustainability refers to the efficient use of natural resources for the preservation of environment for the future stakeholders [8,9].

Next component of CS understanding is the social sustainability of the organizations. Dyllick and Hockerts [2] defined the socially sustainable companies as the companies that "add value to the communities within which they operate by increasing the human capital of individual partners as well as furthering the societal capital of these communities". Finally, holistic view for sustainability can be considered as the integration of the perspectives which are mostly cited in the literature. Thus; the organizations which develop their strategies according to the holistic understanding of CS engaged in business activities that balance all three aspects –economic, ecological and social–for the quality and continuation of life of every being and entity, now and in the future [5].

In this context, future requirements of the corporation's environment should be taken into consideration and prioritization should be performed according to holistic sustainability model. In the following sections, details of an application, which was developed in Turkish insurance sector using this model's framework with an emphasis on social sustainability, will be discussed. This application encouraged the low-income women in Turkey to claim their place in business life and aimed to help women (i) contribute to economy, (ii) support their families, and (iii) increase their self-respect and self-value depending on effective production and added value.

\*Corresponding author: Kalkavan S, Istanbul Aydın University, Istanbul 34295, Turkey, Tel: +0 9053 0333 8160; E-mail: [selma@kalkavan.net](mailto:selma@kalkavan.net)

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## Woman Profile in Turkey

Gender distribution of Turkey's population in 2013 (76,667,864) is 49.8 per cent female (38,194,504) and 50.2 per cent male (38,473,360). According to age groups, female population is distributed as follows: 24 per cent 0-14 ages, 5 per cent 15-17 ages, 11.3 per cent 18-24 ages, 31 per cent 25-44 ages, 20 per cent 45-64 ages, 7.9 per cent 65-84 ages, and 0.8 per cent 85 or higher ages (Figure 2).

69.6 per cent of male Turkish population and 71 per cent of female Turkish population are 18 or more years old. Female population ratio is higher than male population in older age groups.

When the education level and business roles of the women are examined, it is seen that 7 per cent of them are illiterate and labor force participation is 25.9 per cent. Turkey has the lowest female labor force participation rate among European Union countries and candidate countries. Inspection of labor force participation rate in Turkey for all age and sex groups shows that male participation rate is higher in all age groups. The highest participation rates are 95.4 per cent in 35-39 age group for males and 38.3 per cent in 25-29 age females. 9.9 per cent of the women and 24 per cent men in Turkey are employers or work on behalf of themselves.

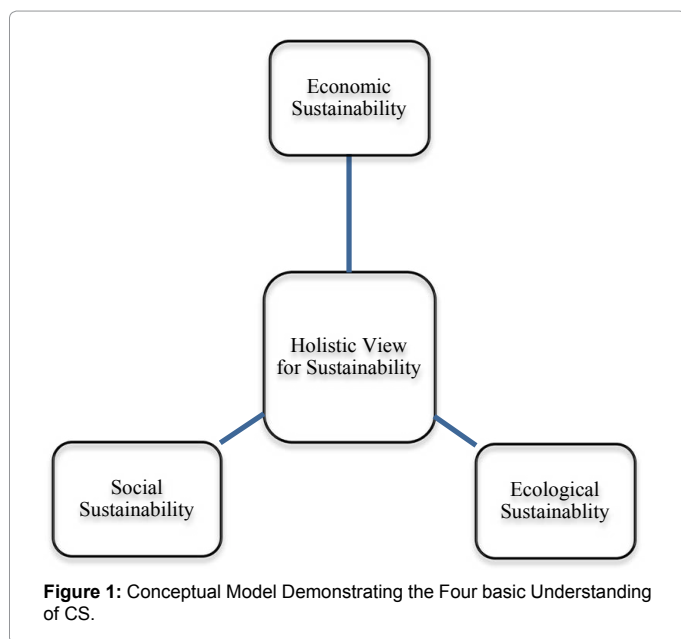


Figure 1: Conceptual Model Demonstrating the Four basic Understanding of CS.

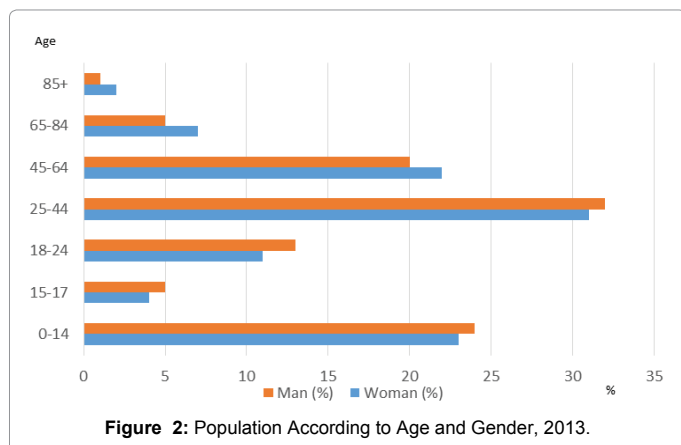


Figure 2: Population According to Age and Gender, 2013.

It is clear from the above data that women in Turkish community do not participate in the business life and therefore they constitute an important target for corporate social responsibility efforts.

## Social Sustainability, Micro Credit and Micro Insurance

Social sustainability is an element of sustainable development which "occurs when the formal and informal processes, systems, structures and relationships actively support the capacity of current and future generations to create healthy and livable communities. Socially sustainable communities are equitable, diverse, connected and democratic and provide a good quality of life" [10].

Micro credit, which is an important project in the field of social sustainability, was developed by Muhammed Yunus, an economist from Bangladesh, in 1970s. It is now estimated that 160 million people in developing countries are today served by microfinance through MFIs which range from small nonprofit organizations to large commercial banks.

Microinsurance is the protection of low-income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of the risks involved [11,12]. In essence, it has the same properties with traditional insurance. What makes microinsurance different are, the audience of it is low-income people and the term "micro" refers to a limitation by the premium payment and the risks involved [13].

Microinsurance emerged as the microfinance system developed to supply the needs of low-income people.

Microinsurance is regarded as a complementary element especially for the social security.

Microinsurance has a great potential for the underdeveloped and the developing regions of the world but the global volume of microinsurance is limited. According to a study in 2007, in 77 of the poorest 100 countries which are stated in United Nations Human Development Report there are applications of microinsurance. The same study predicts the number of people covered by microinsurance as 78 million. Of these people, 85.5 per cent live in Asia, 10 per cent live in Latin America, and 4.5 per cent live in Africa. But only 2.7 per cent of the low-income population in Asia, 7.8 per cent of the low-income population in Latin America, and 0.3 per cent of the low-income population in Africa are covered by microinsurance. Micro insurance has not reached the expected number of low-income people yet because the insurance sector in the underdeveloped or developing countries is in its infancy level and the target audience has insufficient information about it. But it can be said that the microinsurance market is developing rapidly. Even in Africa, where the number of the people covered by microinsurance is the lowest according to 2007 data, the number of microinsured people reached to 14.7 million according to a research conducted in 2009 [14].

The coverage of the term "low-income" in the definition of microinsurance changes depending on the country but in general, it refers to the people who work informally and are not covered by any social security program. The target audience of the microinsurance is the low-income population who can buy insurance (Figure 3) [15].

In the context of social sustainability, one of the leading insurance companies in Turkish insurance sector (Güneş Sigorta) developed a social responsibility project. In this context, with the target audience in mind, a micro insurance product was developed which provided assurances against accidental death and permanent disability to low-

income female entrepreneurs who used MicroCredit, in order to secure their labor.

## Project

In order to secure the labor of the low-income female entrepreneurs, Güneş Sigorta, one of the leading companies of Turkish insurance sector, developed MicroInsurance social responsibility project. Before discussing the details of the MicroInsurance project, we would like to share the vision, mission, and the key values of the mentioned company and share our inspection results about how the company positioned this social responsibility project depending on its values.

## Company vision

To become a company that leads the change in the sector, that creates value for its stakeholders, and that is most preferred.

## Company mission

To recognize the needs of the insured and offer creative solutions using customer oriented services.

To contribute to the development of sector standards and to the development of insurance awareness in the society.

To provide the highest profits to all of the stakeholders with its strategic direction and its developing human resources.

## Key values of the company

Leader of Change

Reliable

Providing Development

Making Difference

Result Oriented

Customer Oriented

In this context, the company uses a portion of these values for the benefit of the society as a token of its responsiveness to the society and the environment. It pays attention to the proper use of natural resources, environmental protection, and social development regarding sustainability principle and continues its rigorous efforts in such areas. The company realizes its social responsibility projects in education, environment and social cooperation categories. Specifically, the company signed United Nations Global Compact in 2011 in order to play a more active role in social responsibility fields and committed to merge the principles of the Global Compact with company culture and values, to adopt these principles to the business processes, and to carry out its responsibilities to its employees, stakeholders and the society.

MicroInsurance project was developed in accordance to this commitment. With MicroInsurance, the labor of the low-income women, who benefited from MicroCredit program of Nobel winner Prof. Dr. Muhammed Yunus and Wastage Prevention Foundation of Turkey, was secured. The objectives of the project were (i) to fulfill the responsibility of protecting female labor and (ii) to introduce insurance services to low-income women and their families, who do not have the opportunity to benefit from insurance products.

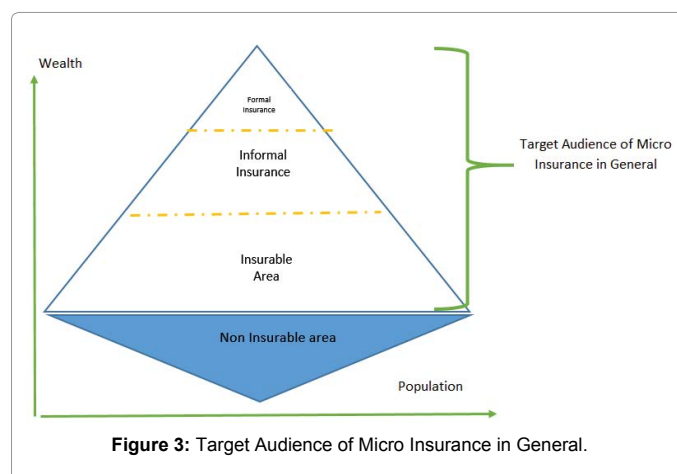
When the female workforce contribution rate in Turkey is taken into consideration, it is obvious that there are grounds to be covered and studies to be performed. Güneş Sigorta believed that increasing the female workforce contribution rate is vital and supported the effort to

include women into the business life by securing the lives of the women who benefited from MicroCredit program. The maximum amount of MicroCredit is 1000 TL. When one considers that very low-income women from rural areas use this credit to found their businesses and to make the lives of their families, securing these women gain more importance. In a way, Güneş Sigorta not only secured these women but also their whole families. On the other hand, it helped to increase the insurance awareness by introducing MicroInsurance to a socioeconomic community which has no insurance habits.

There are microinsurance applications in different fields in the world. But this Project was the first application of microinsurance for the MicroCredit customers. The prime objectives of Güneş Sigorta in this Project were (i) to introduce insurance assurance to people who normally do not have a chance to benefit from insurance products, (ii) to help these people survive from the risks with least possible loss, and (iii) to increase the social insurance awareness level.

## The Scope of the Micro Insurance Social Responsibility Project

MicroInsurance is a corporate social responsibility project which was developed as a personal accident insurance of 10,000 TL worth that covers accidental death, permanent disability, terror, and natural disasters for women who benefited from MicroCredit program with 1 TL monthly payment. The target audience of MicroInsurance is low-income women. The number of the women who benefit from MicroInsurance increases in parallel to the beneficiaries of MicroCredit. The majority of the target audience is low-income women with lower education levels (primary school or high school graduates). MicroInsurance project was developed with the collaboration of Wastage Prevention Foundation of Turkey (TİSVA), Buyukkaya Brokerage, and Güneş Sigorta. Güneş Sigorta lead the product development, project promotion and communication processes in MicroInsurance project which was conducted with TİSVA and Buyukkaya Brokerage. During the project, Buyukkaya Brokerage supported Güneş Sigorta in the product development phase, acted as sales - distribution channel in the project, and managed the operational phase by distributing insurance policies (Figure 4). Since the target audience of the project was the women who benefited from TİSVA's MicroCredit program, the organizational structure of TİSVA had fundamental importance for the project. Regional directors of TİSVA and 92 branch directors under them had a great role in providing the required human resource.



The sentiments of the business partners in the project are given below.

### Buyukkaya brokerage

As Buyukkaya Brokerage, we are happy to contribute to the preparations and the realization of MikroSigorta application and we are happy to take part in this project with Güneş Sigorta and TISVA.

Securing our low-income women, who benefit from MikroKredi Program, does not only mean securing them individually. It means securing all of their families which depend on the businesses founded using the credits.

Our women had the chance to have accidental death and permanent disability assurances and a personal accident insurance of 10,000 TL worth that assures losses due to terrorism and natural disasters for a symbolic fee of 1 TL per month with MikroSigorta. First payment of the MikroSigorta was made by Güneş Sigorta and the second payment was made by us. We cooperated with Güneş Sigorta in this project and demonstrated the society that insurance is not a guarantee that can only be experienced by the rich people.

### Tisva

TISVA has been running the MikroKredi Program, which is operated in 175 countries in order to make low-income women take their part in the economic life, since 2003. We are running Grameen MikroKredi Program with Nobel winner Prof. Dr. Muhammed Yunus and we provide to low-income women credits that help them found their own businesses and stay on their own feet instead of relieving them.

We secured the labor of 55,000 women who benefited from this program at the end of 2011 with MikroSigorta, a project realized with Güneş Sigorta and Buyukkaya Brokerage. Our women became more

hopeful about the future with MikroKredi and now they are more confident about the future.

Güneş Sigorta made the first payment of our 55,000 women, who had a personal accident insurance for 1 TL per month, and Buyukkaya Brokerage made the second payment and provided an extra support. Together with Güneş Sigorta, we are happy to perform the first application of MikroSigorta for MikroKredi in the world and to see the positive responses of the project. We can also say that our another joint project with Güneş Sigorta, MikroKonut was born after the success of MikroSigorta.

Note: 1 US Dollar equals approximately 2,75 TL.

### Evaluation of MicroInsurance Social Responsibility Program According to Ackerman's Social Responsiveness Model

Robert Ackerman set out with the idea that social objective of a business is not responsibility but responsiveness. He claimed that businesses should go through three phases during the development of their responsiveness to social events Table 1[16]. In this model:

The first phase is the phase where senior managers of the business learn the existing social problem and declare the business policy regarding the solution of the problem oral or written.

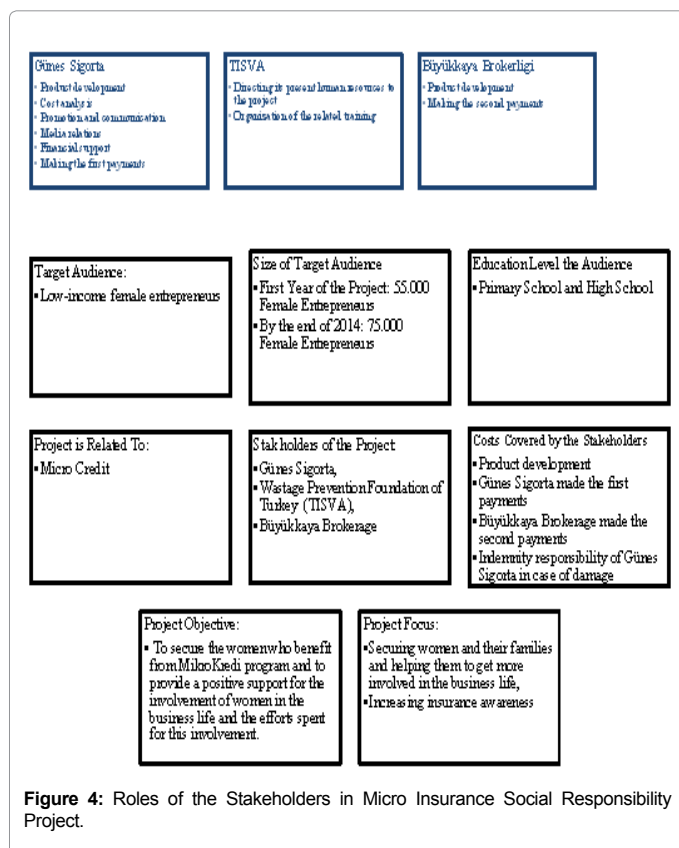
The second phase covers the period when business assigns the required specialists to deal with the problems,

The third phase is the application phase.

According to this model, the social problem is the position of female entrepreneurs in the Turkish workforce.

When MicroInsurance project is inspected according to "Ackerman's Social Responsiveness Model", it can be seen that the top manager realized all of expected phases (policy preparation/providing communication, building an advisor staff, and changing performance expectations) and embraced the project. For the specialists, it was observed that a proper systematic infrastructure for the product content was built and the teams for the project were trained. For the division managers, it was observed that awareness was created and process and product improvement studies were held in order to include different products to the related social responsibility project depending on the requests from low-income female entrepreneurs. In this context, Güneş Sigorta, who started its MicroInsurance project in late 2011 by securing 55,000 women together with their families and labor, decided to develop similar products to sustain the project and support low-income female entrepreneurs as a result of increasing demand. The increase in the number of women covered by MicroInsurance and the one-to-one experience of the support provided to the insured that suffered damage are also factors on this decision.

MicroInsurance project was successful in all aspects and this inspired Güneş Sigorta and its partners to diversify the micro products and motivated them to work on this subject. As a result of this idea, MikroKonut insurance was developed. MikroKonut is similar to MicroInsurance application and with this product; the houses of the women who benefited from MicroCredit are secured. MikroKonut started in April, 2013. With MikroKonut insurance, women started securing their houses, regardless of being a house owner or a tenant, against many risks including fire, lightning, flood, and landslide for 1 TL per month. This way, an important improvement was achieved in insurance awareness, which is another social problem. Below table provides the effect of MicroInsurance social responsibility project in numbers.





As stated in the above Table 2, number of secured women by MicroInsurance increased to 67,756 from 55,000. The number of people who are entitled to MicroInsurance indemnity until now is 29 and the total indemnity value is 214,000 TL (approximately 107,000 USD). MikroKonut was put to service in April 2013 and houses of 34,559 low-income female entrepreneurs are secured. Total indemnity value to the MikroKonut owners is 131,500 TL (approximately 65,750 USD).

### Conclusion

In summary, 67,756 low-income female entrepreneurs and their families were assured and insurance awareness in the target audience was increased with the indemnities. Micro Insurance social responsibility project provided three basic results in general.

It reached a socioeconomic population that has no insurance habit and helped to increase the insurance awareness level.

Low-income women and their families, who had no chance to benefit from the insurance products, were supported by providing an opportunity that helps them survive the risks with least possible loss.

Lives of the women who joined MicroCredit program were secured and this was a positive support to their involvement in the economic life and to the efforts for it.

Considering these results, the interaction of the organization with its stakeholders and corporate reputation were affected positively.

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Organizational Level	Organizational Participation Phase 1	Organizational Participation Phase 2	Organizational Participation Phase 3
Senior Management	Task: Operation Responsibility  Action: Policy preparation and providing communication  Result: Enriched objective and increased awareness	Knowledge acquisition  Building an advisor staff	Organizational responsibility  Changing performance expectations
Specialists		Task: Technical problem  Action: Design and interpretation of the information system  Result: Technical and informational infrastructure	Creating responsiveness in the operation divisions  Adaptation of the information system for performance evaluation
Division Managers			Task: Operational problem  Action: Providing resource and changing processes  Result: Increased responsiveness

Table 1: Ackerman's Social Responsiveness Model.

	2012	2013	2014
Number of Microcredit Users			75.000
Number of People in the Scope of Micro Insurance Product	58.418	62.274	67.756
Number of People Entitled to Indemnity and Total Indemnity Value	3 People/ 30.000-TL	8 People 60.330-TL	18 People 123.591-TL
Number of MikroKonut Product Buyers	-	32.759	34.559
Number of People Entitled to MikroKonut Indemnity and Total Indemnity Value	-	28 People 50.638-TL	48 People 80.815-TL

Table 2: Basic Data about Micro Insurance Social Responsibility Project.

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