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"Creating and Developing Together"

PRME Principles for Responsible
Management Education
Progress Report (2015-2017)
December 2017



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I. Renewal of the commitment to PRME

This fourth progress report illustrates the ongoing efforts of Sabancı School of Management (SOM) in implementing the PRME.

Management schools have an extraordinary challenge given the increasing role of businesses in creating 'the future we want'. The PRME initiative opens up boundaries and stimulates new ideas to help management schools to deal with this challenge.

Sabancı University's founding mission and values will continue to inspire SOM's passionate undertaking of the PRME. It gives me a great pleasure to once again pledge our commitment to this inspiring project and the values it represents.

Prof. Dr. Ayşe Kadioğlu
President
Sabancı University
Orhanlı, Tuzla, 34956
Istanbul, Turkey



II. Word from the Dean

I convey my personal commitment once again in meeting the goals of PRME.

Sabancı School of Management continues to be strongly committed to the Principles of Responsible Management Education. Focused on sustainability as an overarching goal and better governance as an enabler, Sabancı School of Management takes great pride in being an early and vigorous implementer of the PRME in all dimensions. Our faculty is fully engaged with businesses and their stakeholders around the pressing issues of climate change, women empowerment, financial stability and sustainable finance.

Rigorous research underpins our implementation of the goals of PRME. Our PhD students are increasingly more interested in related research. I am delighted that our faculty is determined to face the challenges and continue to be engaged with the critical issues facing businesses and communities around the world. Sabancı University's founding philosophy, its mission and management practices continue to provide the right foundation and environment to support our efforts.

We look forward to continuing to work with our colleagues in the PRME community toward the achievement of the principles, learn from experiences and share our progress.



Prof. Dr. Füsün Ülengin
Dean, School of Management
Sabancı University



III. Sabancı University at a glance

Established by the Sabancı Foundation in 1996, our university has been working towards its mission “*to develop competent and confident individuals, enriched with the ability to reflect critically and independently, combined with a strong sense of social responsibility, and to contribute to the development of science and technology, as well as to disseminate the knowledge created to the benefit of the community*” since it welcomed its first students in 1999. We regularly issue an annual report to communicate and account for our activities, achievements, and future plans with our stakeholders. Our most recent annual report is available at our Website: <http://www.sabanciuniv.edu/en/about>

The seeds of Sabancı University, the Sabancı Group's most comprehensive social responsibility project in the field of education, were sown in the summer of 1995, at a search conference in which 50 academics from 22 countries as well as students and representatives from the private sector participated. The conference, however, was just the beginning, as it marked the start of an extensive process during which the leading educational institutions in Turkey and across the world were examined to find out how they work and identify the fundamentals that made them successful.

Sabancı University strives to define and make visible all issues that concern the community at large, and focuses on applied techniques to meet the social and technological needs of the future. SU adopts an interdisciplinary approach of “learning to learn” to cultivate knowledge, support education and facilitate social advancement. The University cultivates its existing local and regional comparative advantages to generate, articulate, uncover and develop leading-edge knowledge in order to create competitive competencies within an international and global context. The University will take active initiative to form and to select international and global educational and research networks.

Since its foundation, our university has been in direct involvement with the society to understand its current and future needs in order to respond to those needs in its efforts in education, research and partnerships. Research at Sabancı University focuses on scientific excellence on the one hand, and the conversion of research results to added value and innovation on the other. This approach contributes to social and economic development, while enriching the curriculum.

Sabancı University and Civil Society

As part of its corporate and social responsibilities, Sabancı University has set up centers, programs and projects to interact with the civil society and offer scientific insight to key issues.

Istanbul Policy Center (IPC) was founded to help improve the quality and effectiveness of public policy through scientific research. IPC has joined its resources with Mercator foundation in 2011 to deliver quality research and programs in climate change in addition to other topics. A major undertaking of IPC is Education Reform Initiative (ERI), which

continues its research, advocacy and education efforts towards the goal of “*quality education for everyone.*”

SU-GENDER Forum, established in 2010, aims to gather all gender and women’s studies, projects and activities at Sabancı University under one roof, helping to increase their visibility, boost impact and influence through interaction, and initiate and support academic studies. The purpose of the Forum is to promote the widespread recognition and increased effectiveness of existing research and interdisciplinary collaboration in the gender and women’s studies field. It works closely with SOM’s CGFT for projects that involve business organizations.

Competition Forum (REF), set up as a joint initiative of the University with business association TUSIAD in 2001, issues regular reports and organizes annual conferences on competition, competitiveness of business sectors in Turkey. Its mission is to help improve the competitiveness of the Turkish private sector in international markets by conducting and supporting research on competitiveness, innovation and technology management, and benchmarking.

Corporate Governance Forum (CGFT) works as an interdisciplinary academic initiative based in the Sabancı School of Management since 2003. It focuses on creating awareness and initiating and facilitating collaborative action by business organizations and their stakeholders to address issues faced by the society. It deploys good corporate governance and sustainability as the overarching framework. CGFT works closely with the UN and international agencies.

Istanbul Center for Energy and Climate was established in 2011 at a time when the strategic importance of energy and climate change rises and the consumption and production of energy in the world shifts to the east. It is an independent research and policy center designed to conduct objective, high quality economic and policy studies in energy and climate change to help the development of solutions to a sustainable energy future for the region and for the world.

Center of Excellence for Functional Surfaces and Interfaces (EFSUN): The center aims to address challenges in functional surfaces and interfaces through the usage of micron- and submicron sized systems exploiting the tools of medicine/molecular biology, material science, nano technology, nano/ microfluidics and power generation. Activities of the center require an in-depth understanding of molecular biology, genetics and biochemistry of diseases, omics approaches, clinical collaborations, chemistry and material fundamentals, surface and interface interactions, power generation in small scale along with targeted device design. Research and development in EFSUN Center of Excellence consists of interdependent, collaborative, interactive and complementary activities of researchers who are world-class experts in their respective fields.

Nanotechnology Research and Application Center (SUNUM): Sabancı University Nanotechnology Research and Application Center (SUNUM), is developed with

approximately 25 million Euros provided by the State Planning Organization and Sabancı Foundation and became operational in July 2011. With a contributing team of 40 faculty members, about 40 post-doctoral researchers, and hundreds of Ph.D. students, the Center is engaged in highly effective multidisciplinary research programs, bringing together researchers with expertise spanning advanced materials, basic sciences, and nano-engineering, to address applications in electronics, photonics, healthcare, construction, the environment, agriculture and packaging industries. Within the scope of this collaborative research environment, a major goal is to expedite the development of novel technologies and advanced products to address the needs of local and global technology leaders. The Center is encouraging collaboration with industry, other universities and research institutions to further hone the skills of budding research specialists, which are sought in several advanced technology areas relevant to the interests of Turkey.

Center of Excellence in Composite Technologies The Center of Excellence in Composite Technologies established by Kordsa Global and Sabancı University with 100 million TRY of investment is the first of its kind in Turkey with its industry-academia-public partnership. Composite Technologies Center of Excellence will be active in producing high-tech composite materials which created revolutions in many sectors from aviation to automotive. Sabancı University faculty members and students, and manufacturing engineers of Kordsa Global will work together in this center on the research and development, and manufacturing stages of composite materials which is regarded as the technology of the future.

Center of Excellence in Finance (CEF): Center of Excellence in Finance at Sabancı University is established to serve as a bridge between academia, finance industry and real sector. We connect academicians, practitioners, and investment community and transform fundamental knowledge into applicable practices in real life. CEF serves as a medium for dialogue between academia, industry and policy-making institutions. Board members of the center include globally distinguished individuals from these three circles.

Center of Excellence in Data Analytics (CEDA): The reason behind the foundation of CEDA was to provide interdisciplinary solutions to commercial and scientific needs in big data mining, and conduct scientific research that could play a large role in overall research efforts. CEDA will collect big data related research under one roof, which will better disseminate the studies of researchers of different disciplines on this subject, and enhance cooperation among them. CEDA will contribute to increasing knowledge about data analytics and big data through seminars and publications.

IV. School of Management at a Glance

The School of Management (SOM) is one of three faculties within SU. The mission of SOM is “to contribute to the knowledge and practice of management in Turkey and the world through the quality of our research, programs and graduates. As a signatory to PRME, it plays a significant role for SU’s support for Global Compact Principles. In this vein, we:

- Conduct and disseminate rigorous, relevant and internationally recognized research.
- Deliver a range of challenging and innovative programs that are responsive to the current and potential needs of business and society.
- Graduate confident, socially responsible individuals with the knowledge and skills to succeed in the global arena and poised to impact society.”

SOM's main strategy is to be a pioneering model educational base in a local and international context, in continuous interaction with the society, nourished by research and critical inquiry. SOM earned the AACSB International Accreditation, the mark of excellence for business schools offering degrees in management in 2011.

SOM offers the following degree programs:

- BA in Management
- Entrepreneurship Minor Honor Program
- Finance Minor Honor Program
- Business Analytics Minor Program (new)

Masters:

- Full-time MBA
- Professional MBA Program
- Executive MBA
- MSc in Finance
- MSc in Business Analytics

Doctorate:

- Ph.D. in Management
- Operations and Supply Chain Management Concentration
- Management and Organization Concentration
- Finance Concentration
- Business Analytics Concentration

With 29 faculty members, SOM is also strong contributor to programs run by the Executive Development Unit (EDU).

In the past four years SOM Executive MBA program has been ranked among the 100 Global EMBA programs by Financial Times. In addition, SOM is ranked among the best business schools in Europe by Financial Times.

V. Commitment to the Principles and Achievements

a) Principle One

Purpose: *We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.*

As a signatory to UN PRME and in compliance with our University's mission, the learning goals for all undergraduate and graduate programs at SOM include developing awareness of ethical and legal responsibilities in organizations and society with an emphasis on sustainability. The means to accomplish this endeavor are as follows:

- Mandatory courses on ethics in graduate programs,
- Incorporation of ethical issues and sustainability concerns relevant to each discipline into all of our core courses,
- Practical learning through action oriented courses

Our undergraduate students continue to take “**Civic Involvement Projects**” course (CIP) during which they participate in real life projects, which would *make a difference in other peoples' lives*. CIP projects aim to develop individual responsibility and expand their locus of control through action. Projects in 2011 included topics such as environmental, animal rights, gender, elderly support, disabled support, sexual responsibility and preserving cultural heritage.

“Law and Ethics” course is offered to all undergraduate students. The objective of this course is to help students develop sense of individual responsibility and capacity for moral reasoning.

Other Undergraduate Courses

- SPS 303 Law and Ethics offered by Faik Kurtulmuş and Nedim Nomer
- POLS 307 The Politics of Development by Özge Kemahlioğlu
- IR 389 Human Rights in World Affairs offered by Kerim Can Kavaklı
- ECON 405 Law and Economics offered by Mehmet Baç
- ECON 430 Labor Economics offered by Abdurrahman Aydemir
- SPS 384 Global Climate Change and Environmental Politics offered by Ümit Şahin
- ORG 401 Human Resource Management offered by Cavide Uyargil
- MGMT 407 Business Law by Yeliz Bozkurt Gümrük.üoğlu

SOM also has an Honors minor program in Business Analytics, which aims to equip undergraduate students further with such notions of business analytics as decision making under uncertainty, business process analysis and design, decision support systems, data analytics and marketing research/strategy. Sustainability concept appears in many of the courses in this 18-credit program as one of the key topics of coverage.

b) Principle Two

Values: *We will incorporate into our academic activities and curricular the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact*

The curricula offered at SOM includes various elements for addressing global social responsibility issues and frameworks. As per AACSB accreditation requirements, we assess various learning outcomes in our core courses, among which we also address global social responsibility issues. The following courses are those where Social and Ethical Awareness learning outcomes are addressed and assessed:

- ACC 301 – Managerial Accounting
- FIN 301 – Financial Management
- MKTG 301 – Introduction to Marketing
- OPIM301 – Operations Management
- OPIM 302 – Management Information Systems
- ORG 301 – Organizations and Organizing
- ORG 302 – Organizational Behavior

In addition to course-related activities, various faculty members get involved in academic work that involves global social responsibility. For instance, SOM faculty have been actively involved in promoting gender diversity, and freedom from intimate partner violence in Turkey in close cooperation with the UN Population Fund since 2012. SOM faculty also authored a report published by IFC on sustainable investing. The report and the active engagement with the stock exchange laid the ground for Borsa Istanbul's (BIST) Sustainability Index Project. Furthermore, as founding member of Global Board Ready Women program initiated by European Commission's Human Rights department, SOM faculty members are the leading voices on women's empowerment and right to participate in economic decision making through the Corporate Governance Forum, the activities of which are further detailed below.

c) Principle Three

Method: *We will create educational frameworks, materials, processes and environment that enable effective learning experiences for responsible leadership.*

“Graduating confident, socially responsible individuals with the knowledge and skills to succeed in the global arena and who are poised to impact society” as tomorrow’s leaders is one of the three aspects of SOM’s mission. To serve this mission, SOM management with the participation of faculty has created many initiatives, processes, materials and a general climate to foster effective learning experiences for responsible leadership.

Among the many elements of the overall environment, some of the initiatives that stand out are:

- We require ethics courses in virtually all degree programs and numerous opportunities for engagement with the third sector to support the development of socially responsible graduates and future leaders.
- At the undergraduate level all SU students are required to do a Civic Involvement Project (CIP) which has several goals, including increasing their social awareness, empowering them to tackle social problems, and from their freshman year to start working on teams. The CIP program reflects SU and SOM's mission to graduate socially responsible individuals. <http://cip.sabanciuniv.edu/en>
- In collaboration with MIT Sloan School of Management, EMBA curriculum was revised to include two new sections on leadership and innovation as part of the Organizational Behavior course. EMBA students had to complete these two sections at MIT Sloan, Cambridge, USA. Recently, a new collaborative agreement was signed with Columbia Business School in NY, to replace the agreement with MIT Sloan, and the first group of EMBA students visited CBS in April 2017.
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d) Principle Four

Research: *We will engage in conceptual and empirical research that advances our understanding about the role, dynamics and impact of corporations in the creation of sustainable social, environmental and economic value.*

Refereed journal publications since 2014 and book chapters include;

Ararat, M., Black, B. and Yurtoglu, B.B. (2017)"The Effect of Corporate Governance On Firm Value and Profitability: Time-Series Evidence from Turkey", *Emerging Markets Review*, Vol:30, pp: 113-132

Erden Bayazit, Zeynep and Bayazit, Mahmut (2017) "How do flexible work arrangements alleviate work-family-conflict? The roles of flexibility i-deals and family-supportive cultures". Published Online First:
<http://dx.doi.org/10.1080/09585192.2017.1278615>

Asian, Sobhan and Ertek, Gürdal and Haksöz, Çağrı and Pakter, Sena and Ulun, Soner (2016) "Wind turbine accidents: a data mining study". Published Online First
<http://dx.doi.org/10.1109/JSYST.2016.2565818>

Aksu, Mine Hatice and Espahbodi, Hassan (2016) "The impact of IFRS adoption and corporate governance principles on transparency and disclosure: the case of Borsa Istanbul", *Emerging Markets Finance and Trade*, Vol.52, No.4, 1013-1028

Önder, Çetin and Üsdiken, Behlül (2016) "Kurumsal mantıklar, .rgüt altyapısı ve .rgütsel

alanlarda değişim: Türkiye'de işçi sendikalarının tarihsel gelişimi, 1947-1980”, ODTÜ Gelişme Dergisi, Vol.43, No.2, 573-605

Ararat, M., Aksu, M., and A. Cetin, (2015) “How Board Diversity Affect Firm Performance in Emerging Markets, evidence on Channels in Controlled Firms”, *Corporate Governance, an International Review*. Vol: 23, No:2, pp: 83-103 (SSCI)

Altekin, Fatma Tevhide (2017) “A comparison of piecewise linear programming formulations for stochastic disassembly line balancing”. Published Online First <http://dx.doi.org/10.1080/00207543.2017.1351639>

Altekin, Fatma Tevhide and Bayındır, Z. Pelin and Gümüşkaya, Volkan (2016) “Remedial actions for disassembly lines with stochastic task times”, *Computers & Industrial Engineering*, Vol.99, 78-96

Öncü, Ahmet and Koçan, Gürcan (2016) Corruption and democracy in Turkey. In: Keleher, Lori and Drydyk, Jay, (eds.) Routledge Handbook of Development Ethics. Routledge, London and New York. (Accepted/In Press)

Ararat, Melsa and Suel, Esra and Yurtoglu, B. Burcin, Sustainable Investment in Turkey: The Case in Context - An Update (May 2014). Available at SSRN: <https://ssrn.com/abstract=2447937> or <http://dx.doi.org/10.2139/ssrn.2447937>

Technical reports

CDP Turkey, Climate Change 2017, Sabancı University, CGFT

CDP Water, Turkey, 2017, Sabancı University, CGFT

Women on Board in Turkey 2016, Sabancı University, CGFT

Women on Board in Turkey 2015, Sabancı University, CGFT

CDP Turkey, Climate Change 2016, Sabancı University, CGFT

CDP Turkey, Climate Change 2016, Sabancı University, CGFT

Guidance

Evde Şiddete Karşı İşyeri Politikaları Geliştirme Rehberi (Guidebook for Developing Workplace Policies Against Domestic Violence, 2016, Sabancı University, CGFT

e) Principle Five

Partnership: *We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.*

SOM faculty provide thought leadership in Turkey on governance and CSR issues

through public speaking engagements, media interviews, seminars, and contributions to popular press. Local and international press quotes our faculty frequently. We continue to support civil society initiatives by sitting on advisory boards and committees. Corporate Governance Forum of Turkey (CGFT) specifically focuses on mobilizing listed companies to improve their contribution to economic and social development through better governance.

CGFT programs

Climate Change and Water: Sabancı University has become the local partner of CDP in 2010. The Corporate Governance Forum at SOM hosts the project. CDP-Turkey has been a transformational project for Turkey's corporate sector. As of 2017, 58 Turkish companies reported their emissions and climate change strategies with our help representing 54% of the total market cap. CDP-Turkey Climate Change project created a medium for disseminating knowledge around climate change and corporate responsibility, collecting valuable data for research, and facilitate mutual learning. CDP Water Program has followed the Climate Change program in 2015.

Both programs have proven to be excellent instruments for a multi-stakeholder dialog and debate on sustainability involving all related parties has been realized with corporate sponsorship of one of the largest banks in Turkey; Garanti Bank, and Deloitte Turkey office. In addition to Carbon Disclosure Leadership Award launched in 2011, Carbon Disclosure Performance Leadership Award was launched in 2013.

Our climate change and water corporate reporting related activities can be accessed at CDPTurkey Website: <http://cdpturkey.sabanciuniv.edu/>

Women's participation in decision-making: CGFT has continued its efforts to help women empowerment at Turkey's corporations. With financial support from Swedish Consulate and strategic support from Egon Zehnder-Turkey we have maintained a database of board ready women in Turkey, supported companies who wanted to have female directors on their boards, and monitored the change in gender diversity of corporate boards. The Women Directors conference has become a regular annual activity where we report our findings. The annual Women Directors Conference that was first held in 2013 became a summit of professional women. Our on-going research on the effect of women directors on corporate behavior and performance will continue to underpin the project and provide intellectual support. Our Women Empowered Board Index is calculated and updated annually. Annual Women Empowered Board Awards launched in 2013 is based on the Index.

The program web site is: <http://iwdturkey.sabanciuniv.edu/>

30% Club: In order to facilitate business leadership in promoting gender diversity, CGFT has teamed up with the London based 30% Club campaign. The Club consists of CEOs and Chairs who support the notion that gender diversity in the boards is good for business. Turkey chapter was launched in May 2017 and CGFT chairs its Steering Committee. As of September 2017, the Club had 30 members.

The web site: <https://30percentclub.org/about/chapters/turkey>

Borsa Istanbul Sustainability Index: CGFT has worked with Borsa Istanbul since 2010 when it launched Sustainable Investments in Turkey report on which the Sustainability Index was conceptualized. It organized workshops to bring international institutional investors and issuers to discuss the parameters of an Index. The Index was launched in 2015 and since then CGFT has undertaken the analysis of company disclosures.

Business Against Domestic Violence: CGFT launched a program to mobilize businesses to address human rights violations against women through exercise of violence by their intimate partners. Looking at the issue as an obstacle for equality at work and gender diversity at corporate management, the faculty conducted a survey with participation of 19 companies. The results are communicated by a report launched at Business Against Domestic Violence Conference in November 2014. SU CGFT also joined Domestic Violence Research Network established by University of Western Ontario and participated in the first academic meeting in September 2014. In partnership with TUSİAD and UN PF, CGFT developed a Guidebook that would help companies to develop policies to support female employees who face domestic violence. As of 2017 more than 50 companies have participated in the BADV project by developing their own policies with CGFT support.

The program web site is <http://badv.sabanciuniv.edu/>

CGFT faculty contributes to the World Bank ‘Doing Business in Turkey’ report series since 2003 as well as to The World Justice Project (WJP) as an expert respondent in the WJP Rule of Law Index.

f) Principle 6

Dialogue: *We will facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability*

- Corporate Governance Forum: SOM hosts the Corporate Governance Forum (CGFT) a research and advocacy program. Affiliated faculty conduct research on governance and sustainability issues in Turkey and in other emerging markets. The Forum plays an important role in creating awareness and facilitating best practices in collaboration with businesses, government, civil society organizations and media through externally funded projects. Examples are provided in response to Principle 5.

- CGFT's Principle researcher coordinates IFC supported Emerging Markets Corporate Governance Research Network since 2009.
- Sustainability CSR Awards: SOM faculty members participated in various CSR and sustainability awards, launched by NGOs and business organizations as members of the juries.
- Our faculty contributes to the World Bank 'Doing Business in Turkey' report series since 2003
- Our faculty is a founder of Global Board Ready Women Program and CGFT hosts 30% Club Turkey Chapter.
- CGFT's principle researcher sits in the advisory board of UN Sustainable Stock Exchanges Investor Working Group and is member of the board of governors of International Corporate Governance Network.
- Our CDP team participates in COP meetings as a part of the official delegation of Turkey.
- All CGFT projects have Advisory Boards consisting of business, government and civil society representatives.

VI. Key Objectives of the Next Phase

Sabancı University and our School of Management, as stated in our mission and strategic objectives, will strive to continue its commitment to the betterment of our community and society. To this end, we at SOM will continue to conduct and lead academic and community outreach program in parallel with the six principles of responsible management education.

As the recent trends suggest, we now live in the world of digitalization, artificial intelligence, business and data analytics, and further automation of our world. This brings not only great challenges to the managers of the near future, but also great opportunities with overwhelmingly increasing responsibilities from ethical and sustainability points of view. As a school that is currently highly invested in this arena through its new academic and research programs as well as industry projects, it is only natural to include it in our next set of key objectives that we further integrate the social, ethical and sustainability dimensions of these new emerging phenomena into what we do at SOM.

We will also continue to maintain and improve our activities towards the goals of PRME as we introduce new programs, initiatives and collaborations. One strategic dimension the University is currently taking is the creation of more interdisciplinary and inter-faculty programs and research centers, which bring together different perspectives and points of

view. This will perhaps present additional challenges and the need to review and revise our activities, processes, etc. to maintain alignment with the PRME goals. We will also make this a key objective in the next few years to come. With such new initiatives, we believe we have much to offer to the enhancement of our society, which graduating responsible leaders and managers of the future.