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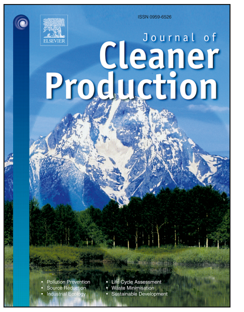

Multidimensional comprehensive corporate sustainability performance evaluation model: Evidence from an emerging market banking sector

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Multidimensional Comprehensive Corporate Sustainability Performance Evaluation Model: Evidence from an Emerging Market Banking Sector

ABSTRACT

Financial institutions' roles in sustainable development have been a hot topic in the literature. Nonetheless, related studies are still emerging and are rare for emerging markets. The purpose of this paper is to investigate multidimensional corporate sustainability practices and establish a corporate sustainability performance evaluation model for Turkish banks. According to the multiple dimensions of economic, environmental, and social governance and financial corporate sustainability, the Content Analysis and TOPSIS methods are utilized on the 12 sustainability reports published by four Turkish deposit banks from 2012 and 2014. The TOPSIS method has been employed for the comprehensive assessment by using the entropy weights of Turkish Banking Sector sustainability practices in order to overcome subjectivity. One of the significant contributions of this study is the combined use of the results of content analysis, entropy weights and TOPSIS. The performance scores for the dimensional base reveals that each bank has different performance scores in each year. Additionally, rather than having the highest score in one or more dimensions, improving performance in all dimensions provides a substantial contribution to the bank's overall score and ranking.

Keywords: sustainability performance, content analysis, Entropy, TOPSIS method, emerging market, Turkish Banking Sector

1. Introduction

Financial system sustainability has been a focus of sustainable development in recent years. Since sustainable development has gained greater importance in the organizational context, firms have started to adapt the sustainability indicators of economic, social and environmental factors to their organizations to create more value for stakeholders (Lo and Sheu, 2007; Lourenco et al. 2012; Kaspereit and Lopetta 2016).

The Triple Bottom Line (TBL) performance report of economic, social and environmental performance as a dimension of corporate sustainability was first used by John Elkington (1997). The TBL concept refers to economic prosperity, environmental quality and social progress as indicators of corporate sustainability. In recent years, corporate governance discussions have shifted progressively toward contemporary social and environmental issues. Environmental, social and governance (ESG) performance has emerged as a significant dimension for developing sustainable strategies that affect overall firm performance (Eccles and Serafeim, 2013). However, these approaches may not be sufficient to properly measure corporations' sustainability performance. Sustainability is so comprehensive and important that it cannot be reduced to three basic dimensions. The current literature states that although the interaction of the governance dimension with the environmental and social dimensions has received less attention, its importance is growing (Husted and Sousa-Filho, 2017). Aras and Crowther (2008) first highlighted that, apart from the environmental, social and governance influences, finance (defined in terms of an adequate return for the level of acknowledged risk) must be considered as one of the main dimensions of sustainability. In addition to the traditional sustainability components, these components allow businesses to maintain healthy and continuous performances over a long period of time and provide benefits to all