

The Vehbi Koc Legacy: The Past, Present, and Future

My Constitution is as follows: I exist as long as my state and country exists. If democracy exists, we all exist. We should spend an all-out effort to strengthen the country's economy. As economy strengthens, democracy settles on a more solid ground and, our reputation in the world improves.

—Vehbi Koç

Abstract

Vehbi Koç was a visionary who began his business career running a single grocery store and went on to build one of the largest conglomerates in the world, comprising 113 companies, 90,000 employees, 14,000 dealer agencies.¹ These statistics in themselves are a monumental accomplishment. Koç's life and work are generative and impactful in part because he was ahead of his time in conceptualizing implementing a number of strategies for which modern-day successful businesses are lauded: human capital development, diversification, sustainability, strategic resource allocation, talent identification and support, collaborative innovation, strategic partnerships, and corporate social responsibility to create and harness social and economic impact. This case study serves to make the key undertakings of Vehbi Koç visible and to illuminate how his forward-thinking, innovation, and strategic legacy continue through the work of Vehbi Koç Foundation. The researchers used the theories of human capital development, stakeholder capitalism, and corporate social responsibility to analyze the work of the Vehbi Koç Foundation in Turkey.

¹ Frontier Philanthropies Around the World In Selected Case Studies. (2015). Paris, France. Essec Business School.

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Case Methodology

The case is based on textual analysis of online artifacts and sites along with in-depth interviews and focus groups with key members of the family philanthropy. The case study is an in-depth exploration from multiple perspectives of the complexity and uniqueness of Vehbi Koç Foundation, its policy, institution, program, or system in a real-life context. The case is research and evidence based. The primary purpose is to generate an in-depth understanding of specific topics, programs, policies, institutions, or systems to generate knowledge and inform policy development, professional practice, civic engagement, and community-based action.

A triangulated research design was used in this case study for maximum validity. While many cases use just one source (usually the interview), it is vital to obtain differentiated data by engaging several data collection and analysis methods. Strategically collecting and analyzing multiple data sources enables the validity measure of triangulation, where different data sources converge to corroborate and validate the findings that emerge from another data source, generating insights within the data set that otherwise might be missed (Ravitch & Carl, 2020).²

The cases are supervised by methodological expert, Dr. Sharon Ravitch, whose research and consulting has for many years been anchored in regions such as India, Nepal, Nicaragua, and Haiti. Dr. Ravitch's work emphasizes intersectional allyship and a lifelong process of building relationships based on trust, consistency, and accountability with marginalized individuals and groups of people.

The researchers examined the professional life and legacy of Vehbi Koç in this case study. There are details of the impact of family, political, economic, and global factors that have influenced his life. We traced his steps as he founded the Vehbi Koç Foundation and employed

² Ravitch, S. M. & Carl, M. N. (2020). *Qualitative research: Bridging the conceptual, theoretical, and methodological* (2nd ed.). Thousand Oaks, CA: Sage Publications.

various metrics to evaluate their performance as philanthropic. The case used a human capital development model to analyze the impact of Koç's work and correlated the impact with the international guidelines laid out by the United Nations through their Sustainable Development Goals (SDGs). The generational succession is deciphered, the succession's influence on the functioning of the foundation is discussed, and the foundation's original goals are compared with its current goals. Additionally, the business model and the impacts this work has had on the lived experiences of people in Turkey is examined.

In studying Vehbi Koç's early life as a precursor to him establishing the foundation, the study used a phenomenological case study approach. The primary purpose of phenomenological case studies is to illuminate the specific phenomenon in context then to identify the phenomena precisely through and within how they are perceived by the actors in a specific context and setting—in this case, a family philanthropy. This requires a specific approach to data gathering and data analysis wherein gathering deep, contextualized information and layered perceptions through inductive, qualitative methods (e.g., interviews, focus group discussions, participant observation) is focal. It then requires specific phenomenological data analysis that retains fidelity to the emic, or spoken, terminology of the focal participants as insiders. Phenomenology is concerned with the study of human experience from the inner-perspective of individuals, “bracketing” taken-for-granted assumptions and normative ways of perceiving.³ Humanist and feminist researchers refute the possibility of starting without⁴ preconceptions or bias, and emphasized the value of illustrating how interpretations and meanings are placed on findings, as well as making the researcher visible in the frame of the research as an interested and subjective

³ <https://www.rgs.org/NR/rdonlyres/F50603E0-41AF-4B15-9C84-BA7E4DE8CB4F/0/Seaweedphenomenologyresearch.pdf>

⁴ Plummer, K (1983) *Documents of Life: An introduction to the problems and literature of a humanistic Method*. London, UK: Unwin Hyman.

actor rather than a detached and impartial observer (e.g., see Plummer 1983; Stanley & Wise 1993).⁵ Thus, narrative inquiry is invoked to address these validity issues. This case study emphasized:

The researcher who engages in narrative inquiry is interested in determining the meaning of a particular experience or event for the one who had it, and tells about it in a story. . . to further particularize the narrative and to enhance perspective, the narrator not only “tells” the story from a point of view but also situates it in a particular social, cultural, or political context.⁶

As well, a narrative approach helps the researchers to critically explore the embedded stories of a philanthropists’ vision, giving strategies, and specific philanthropic experiences within a country context in which they developed and currently operate. In particular, the sociopolitical and cultural specificities that pertain to Koç’s giving practices were explored. This is vital since family philanthropies emerge from local need and resource, and the mediating variables and realities of each context are an important part of a philanthropist’s journey story as well as its implementation plans and responsive organizational developments over time.

Theories and Conceptual Framework

Human Capital Development

Human capital theory (HCT) was pioneered by Ted Schultz, Jacob Mincer, and others over 3 decades ago as a concept to increase productivity and competitive advantage of corporations.⁷ Over the years, HCT has evolved into many different variations. Although there are differences of opinion among the subsequent scholars on what constitutes HCT, for the

⁵ Stanley, L. & Wise, S. (1993). *Breaking out again: Feminist ontology and epistemology*. London, UK: Routledge.

⁶ Kramp, M. (2004). Exploring life and experience through narrative inquiry. In K. deMarrais & S.D. Lapan (Eds.), *Foundations for research: Methods of inquiry in education and the social sciences* (pp. 103-121). Mahwah, NJ: Erlbaum.

⁷ Goldin C. (2016). Human Capital. *Handbook of Cliometrics*. Heidelberg, Germany: Springer Verlag.

purpose of this case we focus on human capital stock/accumulation, growth, and the role of technology as specific drivers of economic growth.

Definition of Human Capital

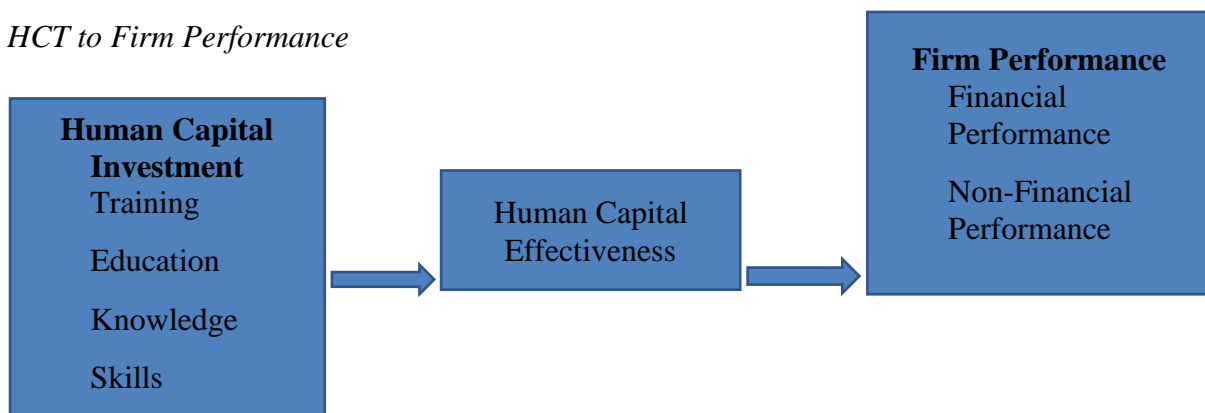
The following definition is provided by Marimuthu et al. (2009):

Human capitals refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee, which will lead to the employee's satisfaction and performance, and eventually on a firm performance. (p. 266)

Corporations are known to track revenue/profit per employee. The quality of human capital and amount of resources used to develop it has an impact on the financial performance of a company and the overall level of employee satisfaction. There is a direct link between return on investment (RIO) and human capital development (Marimuthu et al., 2009, p. 269). The conceptual model in Figure 1 links human capital development to firm performance.

Figure 1

HCT to Firm Performance



Note. Adapted from Marimuthu et al. (2009).⁸

⁸ Marimuthu, M., Arokiasamy, L., & Ismail, M. (2009, Summer). Human capital development and its impact on firm performance: Evidence from developmental economics. *The Journal of International Social Research*, 2(8).

Many theories highlight the relationship between economic growth and human capital development. Economic growth and per capita income are used interchangeably. For the purpose of this case, the following three dimensions are most relevant:

- **Human capital stock/accumulation drives economic growth**

The Solow-Swan model⁹ indicates that the economic growth or the per capita income is driven by human capital stock (human capital accumulation) until the economy reaches the steady state (Izushi & Huggins, 2004, p. 83). This model has limitations; it does not explain the role of technology in creating new knowledge and efficiency once the economy reaches steady state. Izushi and Huggins (2004) cited studies conducted in Europe to conclude that it is indeed human capital stock and not the growth of human capital that drives economic growth (p. 85).

- **Human capital growth drives economic growth**

This is referred to as the endogenous growth model. Under this model economic growth is determined by the level of human capital that can be dedicated to research and development. It regards human capital stock as an indirect contributor to economic growth. It also considers the human capital stock as the capacity of a country or region to innovate (Izushi & Huggins, 2004, p. 83). In this model, the growth of human capital ultimately determines the growth of the economy and per capita income.

- **Entrepreneurship and innovation drive economic growth**

Technology will continue to be one of the highest growth areas as new and emerging technologies continue to transform contemporary life. This model posits that creation of

⁹ Dimand, R. W., & Spencer, B. J. (2009). Trevor Swan and the Neoclassical Growth Model: History of Political Economy. *Duke University Press*, 41(5), 107–126.

technology entrepreneurs and innovators will create a diverse range of start-ups and spinoffs. Successful technology unicorns (including bio-techs) will drive sustained and high economic growth. The same is observed in some of the largest technology companies known for generating innovative products and services that create efficiency. They are also known for creating a large number of high-paying jobs.

Managing for Stakeholders

Managing for stakeholders theory (Freeman, 2007) has developed over the past 30 years.¹⁰ The basic guiding principle is that businesses, and the executives who manage them, actually do and should create value for customers, suppliers, employees, communities, and financiers (or shareholders). And, that we need to pay careful attention to how these relationships are managed and how value gets created for stakeholders. This idea contrasts with the dominant model of business activity; namely, that the sole responsibility of the corporation is to maximize shareholder value.¹¹ Milton Friedman (1970) considered other benefits (or harms) that are created to be incidental.

Corporate and Social Responsibility

Corporate social responsibility (CSR) is a self-regulating business model that assists a company to be socially accountable—to itself, its stakeholders, and the public. It has a positive impact on social, economic, and environmental factors.¹² The four types of CSR are philanthropy, environment conservation, diversity and labor practices, and volunteerism. Koç Group's foremost objective is to continue to create higher added value for all its stakeholders and

¹⁰ Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2007). *Managing for stakeholders: Survival, reputation, and success*. New Haven, CT: Yale University Press.

¹¹ Friedman, M. (1970, September 13). *The New York Times Magazine*.

<https://timesmachine.nytimes.com/timesmachine/1970/09/13/223535702.html?pageNumber=379>

¹² Chen, J. (2020, August 28). Corporate Social Responsibility (CSR). Retrieved September 01, 2020, from <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

manage all its activities according to international standards of corporate governance, customer satisfaction, sustainability, and social responsibility. We attempt to evaluate the contributions of Vehbi Koç and how they relate to the above frameworks and theories.

Business Context: Vehbi Koç's Early Life as an Influence

Vehbi Koç lived a full life for 95 years, which he dedicated to different activities related to industry, commerce, and international partnerships, foundations, social services, and education affairs. Through his foundations and social services, Koç expanded into the private sector, education, and health services; he believed in institutionalization and professional management. Born in 1901 in Ankara, a city in the Ottoman Empire, Koç was the only son in the family and decided to venture into business in 1917.¹³

Vehbi's father, Koçzade Hacı (a term used for pilgrims who journeyed to Mecca) Mustafa Efendi, primarily earned money through rent received from the stores he owned. Growing up, Vehbi saw the wealth divide—the richest Muslim Turkish merchants were poor in comparison to the wealthy Christians and Jews of Ankara. During a summer vacation in 1916, when all locals, irrespective of their economic status, went to the vineyards with their horses and donkeys, noticing these differences kickstarted Koç's entrepreneurial drive. As noted in a film on Koç:

Vehbi's father gave him a donkey as a gift for his ritual circumcision. On the way to the vineyard, Vehbi was disappointed every time a fast-moving rider owned by a Christian child overpassed his donkey. Notably, the Christians had beautiful horse carriages and summer houses. It was then that the 15-year-old Vehbi told

¹³ Koç, V. (1987). *Hayat Hikâyesi*. İstanbul, Turkey: Vehbi Koç Vakfı (İstanbul, OtoKoç A.Ş., 1983).

himself, “I want to be like them. . . I want to do business like them. . . If God gives me 50,000 gold lira, I will open a fine 5-floored store in Ankara.”¹⁴

This incident formed the zeal for Koç’s future endeavors. Vehbi saw the differences that existed between Muslims and non-Muslims growing up, which motivated him to become a tradesman.¹⁵ In 1917, when Vehbi Koç was 16 years old, he convinced his father to open a small grocery store in Ankara. Vehbi stayed in the grocery shop business for 2 years and ventured into the leather business, following the breakdown of the Ottoman Empire.¹⁶ Vehbi drew from the Greek, Armenian, and Jewish businesses but did not know anything about the leather industry and hired Kosti, a skilled salesman to help him in this industry and mentor him.¹⁷ As the leather business grew, Vehbi began looking for additional opportunities. Koç decided to enter the hardware store business, which was largely controlled by Jewish merchants, and recruited Hiya Elmalaki as the chief salesman.¹⁸ Vehbi’s hardware store grew and incorporated glassware, textiles, and other products. He became the Ankara representative of a well-known department store in Istanbul and sold branded consumer goods like refrigerators. His leadership and good judgement helped him navigate the business sphere, hire knowledgeable people, and establish and grow Vehbi Koç Foundation.

Vehbi Koç’s clear goal to diversify and expand is evident; soon, he wanted to become the Ankara agent for an international company. During the 1920s, large grocery stores were selling kerosene for gas lamps; So, Vehbi wanted to use the Ankara representatives of The Standard Oil Company of New York and Neft Sendikat of Soviet Russia, the largest suppliers of the fuel, to

¹⁴ Mehmet Ali Birand, Vehbi Koç Belgeseli (DVD, 1993). Koç, V. (1987). Hayat Hikâyesi. İstanbul: Vehbi Koç Vakfı, p. 13.

¹⁵ Koç, V. (1987). Hayat Hikâyesi. İstanbul: Vehbi Koç Vakfı pp. 11-13.

¹⁶ 1926 Until Today. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/about/history/1926-until-today>

¹⁷ Koç, V. (1987). Hayat Hikâyesi. İstanbul: Vehbi Koç Vakfı, pp. 22-23.

¹⁸ Vehbi Koç’un başarı hikayesini blog sayfamızda bulabilirsiniz... (2020). Retrieved 1 September 2020, from <https://blog.ofix.com/vehbi-koc/>

sell kerosene in his store.¹⁹ He increased his purchases from a Romanian company in Istanbul to increase his sales. Given his effectiveness in the business, Standard Oil's officers felt that he might eventually become a rival and gave him full agency in 1928.²⁰ Soon, Ankara became the capital of modern Turkey, new business opportunities emerged, and development and construction work began to take off. Vehbi decided to exit the grocery and leather businesses to go into the sale of construction materials.²¹ On May 31, 1926, Vehbi consolidated the grocery store, which was registered under his father, in his own name as "Koçzade Ahmet Vehbi" (Ahmet Vehbi of the Koç Family) in the Ankara Chamber of Commerce and became the owner of this enterprise.²² His ability to tap into his network and use such resources helped him establish himself in this industry and grow in the future.

Establishment and Growth of Koç Holding

Koç Ticaret A. Ş., the first joint stock company established in 1938, was the first in Turkey to share its profits with its employees, making it the foundation and development center of the ventures undertaken by the group. Vehbi Koç's passion for creating impact helped him expand internationally; soon, the company established Ram Commercial Corporation, the first Turkish company in the United States.²³ By the end of 1940, Koç community started focusing on manufacturing and set up a light bulb factory in collaboration with General Electric.²⁴ In the 1960s, several different industrial plants were established by the Koç group in collaboration and partnership with international companies. Henceforth, a variety of products like the first

¹⁹ Koç, Hayat Hikayem, pp. 39-41.

²⁰ Koç, V. (1987). Hayat Hikâyet. İstanbul: Vehbi Koç Vakfı, pp. 39-42.

²¹ Koç, V. (1987). Hayat Hikâyet. İstanbul: Vehbi Koç Vakfı, p. 50.

²² Mumay, C. (2018). Ankara'da bir bakkal dükkanından küresel bir dev çıkaran adam: Vehbi Koç. Retrieved 1 September 2020, from <https://www.sozcu.com.tr/2018/ekonomi/ankarada-bir-bakkal-dukkani-kuresel-bir-dev-cikaran-adam-vehbi-koc-2242724/>

²³ Brynildssen, International Directory. Vehbi Koç Biyografi. Retrieved 1 September 2020, from <http://www.biyografi.info/kisi/vehbi-koc>

²⁴ Koç, Hayat Hikayem, pp. 69-73.

automobile, agricultural tractor, refrigerator, laundry washer, and bottled Liquefied Petroleum Gas were manufactured by the Koç Group.²⁵ Vehbi Koç's leadership skills helped the company expand and diversify its holdings, contribute to multiple sectors, provide employment, and improve Turkey's economy.

Soon, Koç Holding A. Ş. was established in 1963, combining all companies bearing Vehbi's name and aiming for "targeted rapid growth and development" and advancing "institutionalization of the organizational structure."²⁶ Koç Holding became one of the largest and most successful groups of companies in Turkey and Europe and continued to establish its success globally. Koç Holding observes principles and ethical values by undertaking social responsibility, maintaining corporate governance, and providing environmental protection at international standards in all its operations.²⁷ On one of Vehbi's foreign travels, he was inspired to establish the Türk Eğitim Vakfı (Turkish Education Foundation)²⁸ with 205 other business people and established his own foundation, Vehbi Koç Foundation, in 1969 to serve education, health, and culture.²⁹ Vehbi's dedication to the development of Turkey and reducing the economic divide that he saw while growing up set a remarkable example for the people working for him to follow and create positive impact in Turkey.

After the Koç Group's IPO, they kept adding new companies to its corporate body: exports and foreign trade companies.³⁰ Koç Holding even entered the banking sector by collaborating with the American Express Company and formed the Koç-American Bank (later

²⁵ Arçelik A. Ş., *Mamulattan Markaya: Arçelik Kurum Tarihi 1995-2000*; and Koç, V. (1987). *Hayat Hikâyem*. İstanbul: Vehbi Koç Vakfı.

²⁶ History. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/about/history>

²⁷ Koç, About. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/about>

²⁸ <http://english.tev.org.tr/TEV/detail/About-Us/112/477/0>

²⁹ Interview, Vehbi Koç, 2003.

³⁰ The Largest Investment Holding Company In Turkey. (2017). Retrieved 1 September 2020, from <http://mikeon88.freebbs.tw/viewthread.php?tid=45718&extra=page%3D1>

named Koçbank).³¹³² Koç Holding continues to add value for their stakeholders and to align themselves with sustainable measures.

Vehbi Koç believed in the virtues of institutionalization. So, Koç Group entered the new millennium with a new global vision: “To be one of the world’s leading companies.”³³ The company kept expanding and established Koç Financial Services in 2001 with UniCredito Italiano, one of Europe’s leading banks. Then, in 2003, Rahmi M. Koç appointed his eldest son, Mustafa V. Koç, the Chairman of the Board of Directors and remained as the Honorary Chairman of Koç Holding.³⁴ During 2005- 2006, Koç Group acquired majority stakes in Tüpraş (Turkey’s largest industrial enterprise) and Yapı Kredi Bank (a giant in the Turkish banking sector) as part of its portfolio-restructuring program.³⁵ Koç Holding kept expanding with each generation and continues to create an impact globally. The company continues to develop Turkey though the energy, automotive, consumer durables, and finance sectors.³⁶

Role of Entrepreneurship in Vehbi Koç’s Decision Making

Vehbi Koç grew up in Ankara, an impoverished city, where people used wells and the river for washing clothes, gas lamps for lighting, iron stoves for heating, horses, donkeys, and carriages for transportation.³⁷³⁸³⁹ Basic supplies like medicine, tea, coffee, coal, iron, and

³¹ Kırac, C. (1996). Anılarımla patronum Vehbi Koç. İstanbul: Milliyet, pp. 270-272.

³² Karlikli, S. (2004). Garanti’nin 58 yıllık hikâyesi. Retrieved 1 September 2020, from <https://www.milliyet.com.tr/en/garantinin-58-yillik-hik-yesi-5111069>

³³ KOÇ HOLDİNG 2010 ANNUAL REPORT. (2010). Retrieved September 01, 2020, from <https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/Annual-Reports/2010-Annual-Report.pdf>

³⁴ Kırac, S. & Akar, R. (2016). Ömrümden uzun ideallerim var. İstanbul: Suna ve İnan Kırac Vakfı, p. 134.

³⁵ YAPI KREDİ: Post-Legal Merger Overview. (2006, December). Retrieved September 01, 2020, from <https://www.yapikredi.com.tr/ufiles/Investors/Presentations/114-Bank-Presentation-December.pdf>

³⁶ Koc Holding. (n.d.). Retrieved September 01, 2020, from <https://www.unglobalcompact.org/what-is-gc/participants/5845-Koc-Holding>

³⁷ Stein, A. (2019, October 14). New Opportunities: Top 10 Facts About Poverty in Ankara. Retrieved September 01, 2020, from <https://borgenproject.org/top-10-facts-about-poverty-in-ankara/>

³⁸ World Development Report (2004). (n.d.). Retrieved September 01, 2020, from <https://openknowledge.worldbank.org/handle/10986/5986>

³⁹ Human Development Report (1997). (n.d.). Retrieved September 01, 2020, from http://hdr.undp.org/sites/default/files/reports/258/hdr_1997_en_complete_nostats.pdf

matches were imported from abroad.⁴⁰ Most of the country's wealth was located in Istanbul, the capital of the Ottoman Empire. Koç's business acumen allowed him to capitalize on the import restrictions, which meant that instead of having big businesses supply goods and services, Koç started manufacturing them through various subsidiaries.⁴¹ Koç was extremely proactive in identifying and striking the opportunities arising out of lifestyle differences between Istanbul and Ankara, and strived to have a first mover advantage by following the market trends; as an example, he went into the leather and construction businesses as they respectively boomed in Ankara.

Influence of Macro Factors on Vehbi Koç's Growth Strategy

Koç was loosely associated with the ruling political elite during the interwar years. In 1920, he became a member of Mu'dafaa-i Hukuk Cemiyeti (Association for Defense of National Rights), the predecessor to the Republican People's Party (RPP) and regularly met with the RPP and government officials.^{42,43} When the RPP was overthrown and the rival Democratic Party came to power, Vehbi Koç had a difficult time closing a deal with Ford.⁴⁴ Tax records of his businesses were audited, he also was relieved from his post at Ankara Chambers of Commerce. Government ministries stopped buying gasoline from his companies, proving harmful for the sustenance of his business group. Koç had to step down from the membership of RPP, which resulted in the government extending enthusiastic support to Vehbi, especially for the automobile industry.⁴⁵ During World War II (mid-1940s), Turkey was in urgent need of trucks. As an agency dealer of Ford, Vehbi started selling the Ford Trucks at 90% profit.⁴⁶ Private firms were offered

⁴⁰ Colpan, A. M. & Jones, G.G. (2011). Vehbi Koç and the Making of Turkey's Largest Business Group. *HBP Education Case Study Collection*.

⁴¹ Ford Otosan, 50, Yıl Projesi Kitap Metni; Duruiz, "Ford in Turkey," p. 489.

⁴² Koç, V. (1987). Hayat Hikâyem. İstanbul: Vehbi Koç Vakfı Kos, Hayat Hikayem, pp. 50-51.

⁴³ Bonin, H. & Tolliday, S. (2003). *Ford, 1903-2003: The European history* (912951742 718176425 Y. Lung, Ed.). Paris, France: P.L.A.G.E.

⁴⁴ Koç, V. (1987). Hayat Hikâyem. İstanbul, Turkey: Vehbi Koç Vakfı, pp. 129-131.

⁴⁵ Koç, V. (1987). Hayat Hikâyem. İstanbul, Turkey: Vehbi Koç Vakfı, pp. 132-134, 139-148.

⁴⁶ Dey, D., Nigam, A., Kumar, M., Shah, N., & Saha, A. K. (n.d.). Vehbi Koç And The Marketing Of Turkey's Largest Business Group. Retrieved September 01, 2020, from <https://pdfslide.net/documents/group-3-vehbi-koc.html>

incentives to enter manufacturing, driving the country's economic growth. The government allocated foreign exchange to promote favored sectors and gave state contracts to facilitate construction and international trade.⁴⁷ The rise in the population's disposable income during 1959 resulted in higher demand for washing machines and refrigerators.⁴⁸ Vehbi entered into technical agreements with a Belgian company for production of washing machines and an Israeli company for refrigerators to supply this demand. Vehbi understood Turkey's political and business landscape well and realized that government and macroeconomic factors determine the growth and sustenance of a business group in a significant way.

The decades between 1960 and 1980 were characterized by planned economic development and market protectionism. Hence, foreign competition was non-existent except for the presence of Unilever.⁴⁹ Import restrictions that began in 1965 created a restrictive environment for businesses due to trade restrictions.⁵¹ Vehbi started manufacturing components locally and was able to attract GE to provide technical assistance to Koç. During this period, Tofaş (automaker partnered by Fiat of Italy) was established, followed by Ford Otosan (automobile manufacturer now a joint venture with The Ford Company).⁵² Vehbi's visionary identification of and response to such trends illustrates his sharp decision-making skills and forward-looking business wisdom and approach. By 1988, Vehbi Koç's conglomerate consisted of 92 companies in 7 divisions.⁵³

⁴⁷ Buğra, A. (1994). *State and business in modern Turkey: A comparative study*. Albany, NY: State University of New York Press.

⁴⁸ Statistical Appendix. (n.d.). Retrieved September 01, 2020, from <https://link.springer.com/content/pdf/bbm:978-94-010-2907-0/1.pdf>

⁴⁹ Jones, G. (2013). *Entrepreneurship and multinationals: Global business and the making of the modern world*. Cheltenham, UK: Edward Elgar.

⁵⁰ Jones, G. (2005). *Renewing Unilever: Transformation and tradition*. Oxford, UK: Oxford University Press.

⁵¹ Colpan, A.M. & Jones, G.G. (2011). Vehbi Koç and the Making of Turkey's Largest Business Group. HBP Education Case Study Collection.

⁵² Ertuna (2013). Tofaş interactive history, <http://english.tofas.com.tr/Tarihce.aspx>; and Koç, V. (1987). Hayat Hikâyem. İstanbul, Turkey: Vehbi Koç Vakfı, pp. 87, 447–448.

⁵³ Buğra, A. (1994). *State and business in modern Turkey: A comparative study*. Albany, NY: State University of New York Press. pp. 57.

Philanthropy as a Guiding Influence for Vehbi's Work

The history of charitable giving by businesses in Turkey originated much before the concept of CSR was adopted by Turkish companies. Charitable donations to waqf's (foundations) have been a long tradition in Turkey and are closely related to the Ottoman Empire and Islamic heritage. Charitable giving—the moral basis of business regulating the relations between the business and society—is extensively practiced and present in all religious communities.⁵⁴ The craftsmen's guilds regulated the social and economic life in Turkey by:

integrat[ing] the professional regulations with moral values. . . Thus, the ultimate objective of businesses was not considered to be only profit, but rather “social good.”

Thus, “in the Ottoman realms . . . the bulk of expenses for health and education . . . was financed by the foundations,” thereby carrying “serious implications for the very survival of the Ottoman social fabric.”⁵⁵⁵⁶⁵⁷

During the early Republic's period, authorities curbed the waqf mechanism for expressing social responsibility. They focused more on the state's role in reshaping society through educational efforts aimed at creating new selves and new non-‘traditional’ Islamic standards for moral conduct and a collective Turkish identity. The institution of waqf was revitalized towards the end of the 1960s when Vehbi successfully lobbied for changes in the “legislative framework of foundations to revive the traditional institution. . . wakf.”⁵⁸ By this time, state control over the economy had slackened, and the development of a private sector

⁵⁵ ĀizakĀşa, M. (1995). Cash Waqfs of Bursa. *Journal of the Economic and Social History of the Orient*, 38(3), 313-354. Retrieved September 1, 2020, from <http://www.jstor.org/stable/3632481>

⁵⁶ Çizakça, M. (2006). Philanthropy in Turkey: Citizens, foundations and the pursuit of social justice,. Retrieved September 01, 2020, from https://www.tusev.org.tr/usrfiles/files/economic_dimensions_of_foundations_in_the_ottoman_era.pdf

⁵⁷ Bikmen, F., & R. Zincir, (2006) (Eds.). Philanthropy in Turkey: Citizens, foundations and the pursuit of social justice. Third Sector Foundation of Turkey: Istanbul, Turkey.

⁵⁸ Ertuna, B. (2013). Corporate Social Responsibility: Interaction between Market and Community. DOI: 10.1002/9781118325513.ch22

dominated by Turkish entrepreneurs was given priority. Koç's 1969 speech on the responsibilities of Turkish businessmen and wealthy citizens, especially leadership in a new movement for education, was integral in the revival of waqf. He stressed how waqf could further national and religious symbolic aims and be instrumental in protecting private property.⁵⁹⁶⁰⁶¹

Emergence of CSR

Turkish scholars inspired by new approaches to corporate ethics started writing about CSR during the 1970s. It was not until the 1990s and 2000s, however, that large Turkish corporations started to incorporate CSR.⁶² Notably, Turkish scholars stressed the difference between the market-driven Anglo-American context in which CSR developed, and the Turkish tradition for business responsibility (creating legitimacy) towards the state and society (not economic profit or to satisfy shareholders).⁶³ This model manifests in charitable giving to waqf (foundations) by owners of large corporations. Philanthropy remains the dominant form of CSR in Turkey and “most family owned conglomerates in Turkey have an associated Waqf.”⁶⁴

Most large foreign companies investing in Turkey are, however, multi-shareholder companies, which relate to transnational law, CSR conventions, and, to a much lesser extent, donations to foundations. The environment, unions, and shareholders are often excluded from a companies' consideration of their responsibilities, because of the tradition of charitable giving in Turkey. On the other hand, there are claims that the CSR practices of Turkish corporations have contributed to the growth in civil society in Turkey during the past couple decades.⁶⁵ Despite

⁵⁹ Ibid.

⁶⁰ Yamac, S. (2007). *Kurumsal sosyal sorumluluk kavramının gelişimi*. İstanbul, Turkey: Beta.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ararat, M., & Göcenoğlu, C. (n.d.). Drivers for Sustainable Corporate Responsibility, Case of Turkey. Retrieved September 01, 2020, from <https://pdfs.semanticscholar.org/6e1b/864c14f801ffd3b542e8f291da8bdaf127c0.pdf>

⁶⁵ Knudsen, S. (2015, November 30). Corporate social responsibility in local context: International capital, charitable giving and the politics of education in Turkey. Retrieved September 01, 2020, from <https://www.tandfonline.com/doi/full/10.1080/14683857.2015.1091181>

legal and other obstacles, companies' cooperation with and economic support for foundations, NGOs has increased to the extent that corporations in Turkey now relate to corporate ethics through the language of CSR.^{66,67} However, CSR has not moved beyond public relations in Turkish companies.⁶⁸ In large Turkish corporations, CSR is handled by a department of communications (iletişim).⁶⁹ Implementing CSR is one of the most important factors to gain a good reputation from the community, which could enhance firm's value, improve financial performance, or increase market share.⁷⁰

CSR policies have largely evolved out of corporations' accommodation to critiques of the environmental and social impacts of neoliberal economic reforms of the 1980s; they increasingly involve governance in relation to companies' claims of fostering local sustainable development in direct interaction with relevant local communities.⁷¹ Transnational corporations (TNCs) address concerns about their impacts on the environment, health, and communities through their corporate ethics.⁷² This approach uses successful management of relations with communities and authorities to corporate advantage. The emergence of CSR discourse and development is, thus, strongly interlinked with neoliberalism and processes where corporations not only gain economic power at the expense of states, but also increasingly emerge as moral guardians and mentors.

⁶⁶ Özturan, P. (2011). Kurumsal Sosyal Sorumluluk Vaka Analizi Çalışması: Türkiye'deki 5 Şirket ve 5 STK'nın İncelemesi (Corporate Social Responsibility Case Study Analysis: Examination of 5 Corporations and 5 NGOs in Turkey). Istanbul: Third Sector Foundation of Turkey.

⁶⁷ Bıkmen, F. & R. Zincir (2006). (eds.) Philanthropy in Turkey: Citizens, foundations and the pursuit of social justice. Istanbul, Turkey: Third Sector Foundation of Turkey.

⁶⁸ Ararat, M., & Göcenöğlu, C. (n.d.). Drivers for Sustainable Corporate Responsibility, Case of Turkey. Retrieved September 01, 2020, from <https://pdfs.semanticscholar.org/6e1b/864c14f801ffd3b542e8f291da8bdaf127c0.pdf>

⁶⁹ Özturan, P. (2011). Kurumsal Sosyal Sorumluluk Vaka Analizi Çalışması: Türkiye'deki 5 Şirket ve 5 STK'nın İncelemesi (Corporate Social Responsibility Case Study Analysis: Examination of 5 Corporations and 5 NGOs in Turkey). Istanbul, Turkey: Third Sector Foundation of Turkey.

⁷⁰ Selvi, Y., Wagner, E., & Türel, A. (2010). Corporate Social Responsibility In The Time of Financial Crisis: Evidence from Turkey. *Annales Universitatis Apulensis Series Oeconomica*, Faculty of Sciences, "1 Decembrie 1918" University, Alba Iulia, Vol. 1(12), pp. 1-28.

⁷¹ Rajak, D. (2011). *In good company: An anatomy of corporate social responsibility*. Stanford, CA: Stanford University Press.

⁷² Ibid.

They typically promote a language of universal morality focusing on individualism, responsible partnership, and entrepreneurship.

How Does Vehbi Koç Fit in?

Since the 1970s, Turkish corporations have made sure to invest in education, which stems both from the Ottoman and Kemalist legacies, and aligns with international CSR discourse and approaches. In particular, Koç Holding reactivated the Ottoman legal mechanism of waqf for doing social good and has continued to influence societal development in Turkey, reproducing the long legacy of charitable giving in Turkey independent of the new CSR trend. There are now two parallel codes, or models for morality of conduct, of the wealthy: (a) a secular code inspired by international business culture and the language of CSR; (b) a code of charitable giving associated with a discipline of Islamic sociability.⁷³ For instance, large corporations headed by secular leaders and associated with TÜSİAD tend to associate more with the CSR discourse while individuals donating directly to school construction tend to be among the new rich more aligned with Islamic morality.⁷⁴

Business Model of the Foundation

Family control is extended in the management for a variety of reasons. Family controlled firms are much more capable of surviving financial, operational, and/or governmental crises.⁷⁵

Such a system also facilitates quick decision making, as the family-controlled management body

⁷³ Knudsen, S. (2015, November 30). Corporate social responsibility in local context: International capital, charitable giving and the politics of education in Turkey. Retrieved September 01, 2020, from <https://www.tandfonline.com/doi/full/10.1080/14683857.2015.1091181>

⁷⁴ Kaplan, S. (2006). *The pedagogical state: Education and the politics of national culture in post-1980 Turkey*. Stanford, CA: Stanford University Press.

⁷⁵ Ararat, M., & Göcenoglu, C. (n.d.). Drivers for Sustainable Corporate Responsibility, Case of Turkey. Retrieved September 01, 2020, from <https://pdfs.semanticscholar.org/6e1b/864c14f801ffd3b542e8f291da8bdaf127c0.pdf>

centrally takes them.⁷⁶ Moreover, other group companies do not have any cross stake in each other, so this reduces the amount of deliberation and bureaucracy allowing the management to easily restructure organizations. The decision-making power is focused on a few members who know the strategic vision of the company and can restructure the firm accordingly without too much external interference.⁷⁷⁷⁸⁷⁹⁸⁰

Vehbi Koç's Mission

Vehbi Koç wanted to become the driving force for industrialization and modernization of the young Republic in 1917. Koç started his undertakings in the social environment with institutions like Vehbi Koç Student Lodgings (1946), Vehbi Koç Eye Bank in the Medical Faculty of Ankara University (1963), Cardiology Institute in the Medical Faculty of Istanbul University (1964), Turkish Education Foundation (1967), and ODTÜ (Middle East Technical University) Koç Student Lodgings (1968). Vehbi Koç received The United Nations World Population Planning Award on behalf of “Family Health and Planning Foundation in Turkey,” which was well earned and deserved. Under his title “Koçzade Hacı Mustafa Rahmi,” Vehbi pioneered the industrialization of Turkey and considered charity work as his social duty.

Goals of the Vehbi Koç Foundation- Education, Health, and Culture Education

The Vehbi Koç Foundation strives to raise social standards to a higher level by establishing quality educational institutions. Accordingly, the foundation established the Koç University and the Koç Private Elementary and High School (Koç School – K12). Vehbi Koç

⁷⁶ S. Kırış, Ömründen Uzun İdeallerim Var, pp. 135-136.

⁷⁷ Tripathi, D. & Jumanı, J. (2013). *The Oxford history of contemporary Indian business*. New Delhi, India: Oxford University Press.

⁷⁸ Larsson, M. & Petersson, T. (2018). Sweden: Tradition and renewal. In *Business Groups in the West: Origins, Evolution and Resilience* (pp. 245-272). Oxford. Retrieved from <http://urn.kb.se/resolve?urn=urn:nbn:se:uu:diva-349278>

⁷⁹ Jones. (2000). *Merchants to Multinationals*. London, UK: Oxford University Press.

⁸⁰ Barbero, M. I. & Jacob, R. (2008). *La nueva historia de empresas en América Latina y España*. Buenos Aires: Temas Grupo Editorial.

donated the Atatürk Library at Taksim Square to the Istanbul Municipality in 1976.⁸¹ An example of the quality of these educational institutions is a team of 11th grade students from the Koç High School who received first prize in NASA's Ames Settlement Design Contest 2018 with their "Lazarus" project in the Grade 11 category. Notably, around 10 thousand students competed from all around the world with over 2,500 projects for this competition.⁸² Soon, the Koç University Rahmi M. Koç Medal of Science was established to promote the advancement of science by awarding successful and pioneering scientists educated in Turkey who contributed to universal knowledge. Koç University was established in 1993.⁸³ Koç University provides a liberal educational environment for research and study and boasts more than 13 thousand alumni holding eminent positions in the country and around the world. Today, Koç University's faculty members are globally recognized for the quality of their teaching and research output and impact.

The Vehbi Koç Foundation Scholarship Program, started in 1969, promotes equal opportunity in education by awarding scholarships to talented students, providing support to more than 50 thousand students. The program includes scholarships for vocational training, undergraduate, and nursing; it supported a total of 6,131 students with limited financial means in the 2017-2018 academic year alone.⁸⁴ Additionally, the foundation completed the Eight Year Continuous Education campaign by building 17 primary schools in 10 provinces between 1998-2007. The 18th school was built in Istanbul as a model school⁸⁵ aimed at presenting a new secondary school model for the Turkish education system, in terms of physical space and

⁸¹ Atatürk Library. (n.d.). Retrieved September 01, 2020, from <https://encyclopedia.vkv.org.tr/Categories/Projects/Educations/Ataturk-Library>

⁸² Intro: Koç School. (n.d.). Retrieved September 01, 2020, from <http://www.kocschool.k12.tr/>

⁸³ Vehbi Koç Foundation. (n.d.). Retrieved September 01, 2020, from <https://www.koc.com.tr/en-us/activity-fields/areas-of-social-and-cultural-activities/vehbi-koc-foundation>

⁸⁴ Vehbi Koç Foundation. (n.d.). Retrieved September 01, 2020, from <https://www.efc.be/member-post/vehbi-koc-foundation/>

⁸⁵ <https://modelokul.vkv.org.tr/en/>

inclusive school culture. The Teacher Network was launched in partnership with ATÖLYE, the Education Reform Initiative (ERG), and other leading foundations in Turkey to offer a platform for teachers to continuously interact and transform education in Turkey.⁸⁶

Education in Turkey and its Relation With Vehbi Koç Foundation

Social and economic distinctions are much more complex than they once were. With the expansion of the educational system and the greater dynamism of state and society since the 1950s, especially since the middle of the 1980s, education has increasingly been “coupled with the symbolism of achievement through individual effort.”⁸⁷ Many observers perceived a “return of Islam” in education after 1980, although this development actually commenced in the 1950s. The new ‘Anatolian’ elite, businessmen with Anatolian roots, both support and are supported by the Adalet ve Kalkınma Partisi-Justice and Development Party (AKP) government. The party worked to inculcate Islamic knowledge by reintroducing compulsory (Sunni) teaching in the school curriculum, outraging the Kemalists by enforcing Muslim head-covering at universities. Education is one of the spheres of Turkish society where conflict between competing ideologies most explicitly plays out, to the extent that “education [is] arguably the most politically volatile issue in Turkey.”⁸⁸ New elite moralities and sensibilities situated explicitly in an Islamic tradition are articulated (e.g., in consumption patterns)⁸⁹ through charitable giving for school construction.

Human Capital Development

⁸⁶ Vehbi Koç Foundation. (n.d.). Retrieved September 01, 2020, from <https://www.koc.com.tr/en-us/activity-fields/areas-of-social-and-cultural-activities/vehbi-koc-foundation>

⁸⁷ öncü, A. 1993. Academics: The West in the discourse of university reform. In *Turkey and the West: Changing political and cultural identities*, (Ed.). M. Heper, A. öncü, & H. Kramer, 142–76. London, UK: I.B. Tauris.

⁸⁸ Kaplan, S. (2006). *The pedagogical state: Education and the politics of national culture in post-1980 Turkey*. Stanford, CA: Stanford University Press.

⁸⁹ Knudsen, S. (2015, November 30). Corporate social responsibility in local context: International capital, charitable giving and the politics of education in Turkey. Retrieved September 01, 2020, from <https://www.tandfonline.com/doi/full/10.1080/14683857.2015.1091181>

Koç Holding prioritizes vocational training and has provided support to 231 vocational schools nationwide from 2007–2013. Additionally, they established schools, universities, and educational research institutes across Turkey. The holding company acts as a charitable giver, especially to civil society organizations. Starting with the establishment of the Turkish Educational Foundation in 1967 and Vehbi Koç Vakfı (VKV) in 1969, the aim has been to improve education, health, and culture, which are life’s basic needs and crucial for a “modern and developing Turkey.”⁹⁰ The major undertaking of the VKV is the Koç University established in 1993.⁹¹ In a Turkish business journal’s recent ranking of the responsibility of Turkish companies, Koç Holding is ranked top in five of the eight CSR categories, including education. Notably, 39% of the CSR expenses of the Koç Holding companies were channeled to education in 2013.⁹²

Donating to education helps to “do good” and demonstrates one’s responsibility to society. Charitable giving to education is also a means of shaping society by having influence over the kinds of schools established, the curriculum, pedagogy, and so forth. The same holds true for Koç’s efforts to support education, which raises public awareness through corporate ethics that are interwoven with local legacies of sociality and moral conduct.⁹³

Vehbi Koç Foundation Helps Reduce the Literacy Gap (Metrics)

The number of illiterate citizens in Turkey has decreased for both males and females. The importance of education has been recognized since the Republic of Turkey was established.

⁹⁰ Özturan, P. (2011). Kurumsal Sosyal Sorumluluk Vaka Analizi Çalışması: Türkiye’deki 5 Şirket ve 5 STK’nın İncelemesi (Corporate Social Responsibility Case Study Analysis: Examination of 5 Corporations and 5 NGOs in Turkey). Istanbul, Turkey: Third Sector Foundation of Turkey.

⁹¹ About us. (n.d.). Retrieved September 01, 2020, from <https://www.vkv.org.tr/hakkimizda.aspx?hl=en>

⁹² Kurumsal Sosyal Soruml. (n.d.). Retrieved September 01, 2020, from koc.com.tr/tr-tr/yatirimci-iliskileri/finansal-raporlar-ve-istatistikler/Faaliyet-Rapor-Dkman/2013_16_Kurumsal-Sosyal-Sorumluluk-ve-Vehbi-Koc-Vakfi.pdf

⁹³ Knudsen, S. (2015, November 30). Corporate social responsibility in local context: International capital, charitable giving and the politics of education in Turkey. Retrieved September 01, 2020, from <https://www.tandfonline.com/doi/full/10.1080/14683857.2015.1091181>

While the principle of gender equality is present in the constitution and various laws, females at all levels have traditionally received less formal education than males and have had less opportunities due to patriarchal beliefs embedded in society.⁹⁴ The position of females in modern society has improved, in part due to the fact that Koç is working to eliminate gender discrimination through their organizations and to improve the status of and opportunities for women.⁹⁵ Additionally, a central women's library, shelters for battered women, and women's study centers are now available. Notably, in 1970, the overall literacy rate in Turkey was 77.5%, the male literacy rate was 61.63%, and the female literacy rate was 45.1%. As of 2017, the overall literacy rate was 96.15%, the male literacy rate was 98.82%, and the female literacy rate was 93.5% (see Appendix A).⁹⁶

UN Sustainable Development Goals

Vehbi Koç Foundation's impact on education closely correlates with UN Sustainable Development Goal 4, which is to provide Quality Education. The foundation is helping eliminate gender disparities in education and is working to ensure equal access to all levels of education and vocational training for girls and women [Task 4.5]. The foundation also ensures equal access to affordable and quality technical, vocational, and tertiary education, including university education for all [Task 4.3]. Consequently, they ensure that all girls and boys complete equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes [Task 4.1]. The company also works to substantially increase the supply of qualified teachers, including international cooperation for the training of teachers in developing countries

⁹⁴ Navai, R. (2009, March 27). Women told: 'You have dishonoured your family, please kill yourself'. Retrieved September 01, 2020, from <https://www.independent.co.uk/news/world/europe/women-told-you-have-dishonoured-your-family-please-kill-yourself-1655373.html>

⁹⁵ Harding, S. (1991). "Strong objectivity" and socially situated knowledge. In Harding, S. (Ed.), *Whose science? Whose knowledge? Thinking for women's lives*. pp. 138-163. Ithaca, NY: Cornell University Press.

⁹⁶ Turkey. (n.d.). Retrieved September 01, 2020, from <http://uis.unesco.org/en/country/tr?theme=education-and-literacy>

[Task 4.C].⁹⁷ All projects implemented by the foundation align with the Sustainable Development Goals Guidelines for Quality Education, showing that the Foundation has: (a) reduced the inequalities and barriers existing in the education sphere; and (b) followed and actively contributed to the fulfillment of the UN's SDGs.

Healthcare in Turkey and its Relation With Vehbi Koç Foundation

After retiring in 1984, Vehbi Koç devoted more time to solving some of society's pressing issues. For example, he noticed the rising issue of family health in Turkey and established the Turkish Family Health and Planning Foundation. Through this venture, Koç sought to provide a high standard of healthcare and create permanent healthcare facilities for the benefit of the country.

Koç also purchased and expanded the American Hospital in Istanbul and opened the Italian Oncology and Rehabilitation Hospital. The Organ Transplantation Center, launched at the Koç University Hospital, carries out successful surgical operations and both facilities are equipped with cutting-edge technology, modern surgical techniques, and a team of experienced specialists.⁹⁸ The center is also equipped for pediatric kidney and liver transplants and is one of the few centers where simultaneous liver, kidney, and pancreas transplants can be performed.⁹⁹ The Vehbi Koç Foundation acquired the Private Bodrum Hospital and began a full-scale renovation of the building and its facilities in line with the vision and quality standards of the VKF American Hospital and has been expanding its services ever since. The MedAmerican

⁹⁷ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

⁹⁸ New Choice for Cancer Patients in Turkey. Retrieved September 01, 2020, from <https://www.mdanderson.org/publications/conquest/radiation-treatment-in-turkey.h37-1585890.html>

⁹⁹ Koç Healthcare. (n.d.). Retrieved September 01, 2020, from <https://kuh.ku.edu.tr/en>

Ambulatory Care Center has begun IVF services and plans to provide fertility treatment to 1,500-2,000 couples per year—adding to the healthcare accessibility vision of VKF.¹⁰⁰

Human Capital Development in Action

The Semahat Arsel Nursing Education and Research Centre (SANERC) was established to raise the level of knowledge in the nursing profession and aims to improve the quality of patient care. The school's mission is to create leading nurses that can help protect human health, take an active role in patient treatment and rehabilitation, and have an evidence-based, critical and research-minded approach. Additionally, nurses are provided with scholarships to continue their training and professional development. VKF Nursing Fund was established in 1974 to determine the problems of the nursing profession in Turkey and to find feasible and long-lasting solutions.¹⁰¹ The fund acts as the starting point of the foundation's activities for finding feasible and long-lasting solutions by preparing and publishing textbooks, providing scholarships to nursing students, organizing scientific meetings and conferences, and contributing to private research and educational nursing projects.

The Koç University First Aid Education Center (KUIYEM) provides training to companies and their employees through the Basic First Aid Training, Refresher Training, and Basic First Aid Information Seminars. The center aims to train participants as effective, fast, and conscious first aiders, especially in traffic, work, and home accidents.¹⁰²

Healthcare Metrics in Turkey

Though there have been improvements in Turkey's healthcare, it still has not reached the expected quality, especially in state hospitals in smaller cities. Private hospitals do a better job

¹⁰⁰ MedAmerican Ambulatory Care Surgery Center. (n.d.). Retrieved September 01, 2020, from <https://www.vkv.org.tr/en/healthcare/medamerican-ambulatory-care-surgery-center-127>

¹⁰¹ Vehbi Koç Foundation Nursing Support Fund Project Support Program. (n.d.). Retrieved September 01, 2020, from <https://sanerc.ku.edu.tr/en/vkv-hemsirelik-fonu-proje-destekleme-programi/vkf-nursing-support-fund-project-support-program/>

¹⁰² KUIYEM. (n.d.). Retrieved September 01, 2020, from <https://www.vkv.org.tr/en/healthcare/kuivem-129>

raising the quality of their physicians and medical equipment by investing more money in this sector.¹⁰³ Most of the hospitals and doctors are concentrated in the cities and big towns where there are more people and more profit, meanwhile there is limited health service in the countryside and rural areas. Besides the state and private sector, universities and Ministry of Defense establish and operate hospitals in the country.¹⁰⁴ As can be seen in Appendix B, the number of medical professionals is steadily increasing, which in turn is helping improve the accessibility of healthcare in Turkey. As a result, the infant mortality rate and the crude death rate in Turkey are declining with a simultaneous increase in the life expectancy at birth.¹⁰⁵ Turkey has recently achieved a good trend toward decreasing maternal and neonatal mortality. The decrease in these rates is thought to be due to the rise in marriage age and childbearing age (see Appendix B).¹⁰⁶

UN Sustainable Development Goals and Koç Foundation Align Again

Vehbi Koç Foundation's involvement in healthcare through the different institutes and programs aligns with the UN Sustainable Development Goal of Good Health and Well Being. Through the healthcare platforms, VKV is helping Turkey ensure a healthier population, providing qualified medical personnel to continue research, and feasible education to attend to the growing concerns and complexities of the medical environment. Additionally, by funding more hospitals and providing the resources necessary to generate quality medical personnel, the

¹⁰³ Turkey's Physical Geography. (n.d.). Retrieved September 01, 2020, from <https://www.allaboutturkey.com/geography.html>

¹⁰⁴ Turkey Healthcare Landscape. (n.d.). Retrieved September 01, 2020, from <https://www.tobb.org.tr/saglik/20171229-tss-genel-bakis-en.pdf>

¹⁰⁵ Turkey Infant Mortality Rate, 1960-2018. (n.d.). Retrieved September 01, 2020, from <https://knoema.com/atlas/Turkey/Infant-mortality-rate>

¹⁰⁶ Erdem, Y., Güneş, N. B., & Topuz, Ş. (2013). Progress Related to Maternal and Neonatal Health in Turkey. Retrieved September 01, 2020, from longdom.org/open-access/progress-related-to-maternal-and-neonatal-health-in-turkey-2167-0897.1000131.pdf

foundation is reducing the maternal mortality ratio [Task 3.1] and helping reduce preventable premature and infant (under 5 years of age) death [Task 3.2]. On a macro level, the foundation is substantially increasing the health financing, recruitment, development, training, and retention of the health workforce in Turkey [Task 3.C].¹⁰⁷

Culture

VKV preserves Turkey's strong cultural heritage through several museums and research centers. Two of VKV's primary institutes within the research field include the Suna-Inan Kiraç Research Institute on Mediterranean Civilizations (archaeological research and study of indigenous cultures) and a research center on Vehbi Koç and Ankara.¹⁰⁸ In 1980, VKV established the nation's first private museum, the Sadberk Hanım Museum, which holds expansive archaeological findings and fine arts collections. The Sadberk Hanım Museum's collection has grown from 3,000 pieces to 18,000 pieces of artifacts.

Also, the Rahmi M. Koç Museum, Turkey's first and only industrial museum established in 1994, consists of two historic building complexes, one a former anchor foundry from the Byzantine Era and the other a 19th century Hasköy dockyard. With outdoor exhibition areas, car parks, and almost 27,000 square meters, the Rahmi M. Koç Museum aims to be a cultural and social center that highlights the significant history of industrialization, transportation, and communication in Turkey.¹⁰⁹ The museum initially held Rahmi's personal collections of transportation models, toys, and miniatures, but now has full-sized objects including over 90 cars, motorcycles, aircrafts, trams, boats, and locomotives. The museum also received the Culture and Arts Grand Prize from the Turkish Ministry of Culture in 2001.

¹⁰⁷ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹⁰⁸ Projects Supported. (n.d.). Retrieved September 01, 2020, from <https://www.vkv.org.tr/en/culture/projects-supported-35>

¹⁰⁹ History: Museum - Sadberk Hanım Museum. (n.d.). Retrieved September 01, 2020, from <https://www.sadberkhanimmuzesi.org.tr/en/museum/history>

The Rahmi M. Koç Foundation for Museology and Culture leased Çengelhan from Ankara Regional Directorate of Foundations in 2003 and opened the museum to the public in 2005 after extensive restoration.¹¹⁰ The purchase of the second building, Safranhan, built in 1511 by Hacı İbrahim bin Hacı Mehmed and used as a caravanserai and prison, nearly doubled the size of the museum.¹¹¹ The Koç Foundation also funded the 4-year-long restoration of this building, which now has 42 rooms and galleries to add to the Çengelhan.

Further, Vehbi Koç Foundation's activities in the field of contemporary art began in 2005, in line with the strategic plan devised following the appointment of Melih Fereli as culture and arts advisor to the foundation. As part of the new strategy, numerous exhibition and publication projects were supported; international collaborations and projects were initiated.¹¹² The most important manifestation of this strategy in terms of sustainability and long-term thinking is Arter, the foundation's flagship institution in the field of contemporary art.

Other Ventures Operated and Restored by Vehbi Koç's Foundation

The Metropolitan Church was built by the Alibey (Cunda) Island Greek Orthodox (Moschonese) Congregation in 1873 in the Neoclassical style. The church was dedicated to Taxiarches Archangels Gabriel and Michael and remains the island's most important monument. The church is a single-dome basilica and was converted into a mosque with no minaret in 1927-28. The building was abandoned after damage from an earthquake in 1944 and gradually fell derelict from weathering and degradation.¹¹³ Later, in 1976, Ayvalık and its nearby towns were

¹¹⁰ Rahmi M. Koç Foundation for Museology and Culture. (n.d.). Retrieved September 01, 2020, from <https://www.snf.org/en/grants/grantees/r/rahmi-mkoc-foundation-for-museology-and-culture/renovation/>

¹¹¹ History. (n.d.). Retrieved September 01, 2020, from <http://www.rmkmuseum.org.tr/ankara/en/about-us/history>

¹¹² <https://www.vkv.org.tr/en/culture/contemporary-art-133>

¹¹³ History. (n.d.). Retrieved September 01, 2020, from <http://www.rmkmuseum.org.tr/cunda-taksiyarhis-rahmi-koc-muzesi/en/about-us/history>

declared a Natural and Historical Heritage site and in 1996, a restoration project was approved but not implemented.¹¹⁴ The Taxiarches Church is a Category 1 registered conservation site in accordance with Resolution 660 passed by Turkey's Cultural and Natural Heritage Conservation Council (Dated 05.11.1999). Under a resolution passed by the Foundations' Council in 2011, the task of restoring the church was transferred to the Rahmi M. Koç Foundation for Museology and Culture, which contracted Ark İnşaat Sanayi ve Ticaret A. Ş. to carry out the work.

Azaryan Mansion, built at the end of the 19th century, was purchased by the Koç family in 1950 for recreation and then converted into a museum in 1978. The museum's collection initially consisted of Sadberk Koç's private collection: traditional costumes, embroidery, silver artefacts with tuğra, porcelain, and artefacts. In 1983, Vehbi Koç Foundation bought the neighboring mansion to accommodate the Hüseyin Koçabaş Collection, who was one of the greatest collectors of Turkey, and the mansion's façade was restored to its original state. The Azaryan Building also exhibits Islamic artifacts with Ottoman emphasis, artifacts that were produced for the Ottomans in Europe and the East, woven textiles from the Ottoman era, garments and embroideries.¹¹⁵ On October 24, 1988 the mansion building opened to the public after restoration and was named as the Sevgi Gönül Building. In 1988, the building's exemplary design was chosen as an example for contemporary museums for its exhibition layout and it was honoured with the Europa Nostra Award. Archaeological relics belonging to Anatolian civilisation from 6th millennium B.C. through the end of the Byzantine period are being housed in the Sevgi Gönül Building.

¹¹⁴ Ayvalık Industrial Landscape. (n.d.). Retrieved September 01, 2020, from <https://whc.unesco.org/en/tentativelists/6243/>

¹¹⁵ Sadberk Hanım Museum. (n.d.). Retrieved September 01, 2020, from <http://www.sadberkhanimmuzesi.org.tr/en/>

In 2018, Anatolian Civilizations (ANAMED) exhibitions were hosted (“Scent and the City,” “The Curious Case of Çatalhöyük”)¹¹⁶¹¹⁷ VEKAM’s exhibition explored the history of sof fabric and sof weaving. Sof (weaving indigenous to and associated with Ankara) is a precious commercial product that has been exported to countries across the world since the 16th century. The exhibition included contemporary pieces and sof fabrics produced from mohair and some loaned from other museums.

Also, Mr. Kent’s son, Mr. Muhtar Kent, has donated a complete set of more than 1,300 of his late father’s volumes to the Sevim & Necdet H. Kent Library, in the spirit of advancing the field of education in Turkey. After many years of dereliction, the windmill and Agios Yannis Church were restored with the financial and moral support of Mr. Rahmi M. Koç, thereby preserving these monuments for posterity and contributing to Turkey’s sustainable infrastructure development.

Human Capital Development: Social Entrepreneurship

Launched in October 2018, Social Entrepreneurship Network in Turkey is a project being carried out by a consortium of 15 partners led by the Vehbi Koç Foundation with the goal of building a social entrepreneurship network in all seven geographical regions of Turkey.¹¹⁸ The project is funded by a grant within the scope of the Grant Scheme for CSO Partnerships and Networks on Strengthening Cooperation Between Public Sector and CSOs, which is carried out by the Directorate for EU Affairs and the Ministry of Treasury and Finance under the European Union’s Instrument for Pre-Accession Assistance (IPA). Such programs have helped provide

¹¹⁶ Scent and the City. (2016). Retrieved September 01, 2020, from <https://anamed.ku.edu.tr/en/events/scent-and-the-city/>

¹¹⁷ The Curious Case of Çatalhöyük. (2019, January 07). Retrieved September 01, 2020, from <https://www.soas.ac.uk/gallery/catalhoyuk/>

¹¹⁸ Vehbi Koç Vakfı. (n.d.). Retrieved September 01, 2020, from https://www.vkv.org.tr/haber_detay.aspx?hl=en

employment, improved the standard of living for people, and stimulated economic activity in the region.

Tourism: The Metrics say it all

Tourism flourished in Turkey in 2015, contributing 6.2% to its GDP (generated \$31.5 billion).¹¹⁹ The direct contribution of the industry to the Turkish economy is expected to exceed \$45 billion in 2023, according to the official figures. Turkey is a top tourism destination for medical tourism—especially for health and spa tourism. The government is promoting medical tourism with low prices. Turkey has earned roughly \$1.5 billion from medical tourism in 2018 and could increase this figure 5 times by 2023, the health minister said.¹²⁰ Turkey earned \$4.4 billion between 2013 to 2017 from health tourism, according to official data compiled by Anadolu Agency (see Appendix C).¹²¹¹²²

Notably, the museums, library, and exhibits mentioned previously draw massive crowds and are each a major tourist highlight. Some of the attractions have been displayed as “must visit” places in Turkey.¹²³ The restoration measures ensure that culture is preserved and, as well, serves to boost the global and regional image of Turkey. Consequently, the number of tourists visiting Turkey has increased considerably over the years (see Appendix C).

Cultural Contributions Align With the SDG’s

Vehbi Koç Foundation’s involvement in the cultural sphere extends to education, museums, tourism, and infrastructure development. By establishing libraries, VKF is facilitating

¹¹⁹ Tourism Sector Contribution to Turkey’s GDP , Tourism - Turkey. (n.d.). Retrieved September 01, 2020, from <https://investingroup.org/data/33/tourism-sector-contribution-to-turkeys-gdp/>

¹²⁰ Erozdin, C. (2018, November 29). Turkey earned \$1.5B from medical tourism in 2018. Retrieved September 01, 2020, from <https://www.aa.com.tr/en/health/turkey-earned-15b-from-medical-tourism-in-2018/1325060>

¹²¹ Ibid.

¹²² Tourism Sector Contribution to Turkey’s GDP: Tourism - Turkey. (n.d.). Retrieved September 01, 2020, from <https://investingroup.org/data/33/tourism-sector-contribution-to-turkeys-gdp/>

¹²³ Ramyani, T. (2020). 82 Best Places To Visit In Turkey in 2020: Top Attractions and Sightseeing. Retrieved 1 September 2020, from <https://traveltriangle.com/blog/best-places-to-visit-in-turkey/>

access to books and educational materials across communities. By building and upgrading education facilities and creating an inclusive and effective learning environment for all, they improve the overall educational remit of Turkey [Task 4.a].¹²⁴

Through museums, Koç Foundation is boosting Turkey's heritage and implementing policies to promote sustainable tourism, as well as creating jobs that promote local culture and products [Task 8.9]. Additionally, tourism as a proportion of total GDP is growing [Task 8.9.1]. The company is increasing its total expenditure per capita on the preservation, protection, and conservation of cultural and natural heritage sites [Task 11.4.1]. So, the company is boosting economic growth while building sustainable communities and safeguarding their heritage. Through the windmill restoration project, they are also substantially increasing the share of renewable energy in the global energy mix [Task 7.2].¹²⁵

Koç Group's Impact and Aspirations

Koç Group today is Turkey's largest industrial group in terms of revenue, exports, share in the Istanbul Stock Exchange, and number of employees. Koç Holding is a driving force for the Turkish economy and one of the world's largest companies; it continues to fortify its strong position in the global league and has received both national and international awards.¹²⁶ Vehbi Koç's offspring have followed in his footsteps and currently manage the foundations.¹²⁷

Sustainable Vision for the New Millennium

Koç Group entered this millennium with a new vision: "To be one among the community of the leading companies in the world." The tenet of accountable citizenship added an international dimension in 2006 by signing the United Nations Global Compact, raising it to the

¹²⁴ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹²⁵ Ibid.

¹²⁶ Koç, V. (1987). Hayat Hikâyesi. İstanbul: Vehbi Koç Vakfı, p. 15.

¹²⁷ Koç, V. (1987). Hayat Hikâyesi. İstanbul: Vehbi Koç Vakfı, pp. 111-126.

level of official policy. During 2006-2012, a focused growth strategy was implemented through the foundation, donating to causes beyond the immediate benefit of the corporation with a focus on energy, automotive, consumer durable, finance, and other lines of business to create high productivity, profitability, and shareholder value appreciation.¹²⁸¹²⁹ Following is a breakdown of Koç Holding's portfolio and portfolio companies and how they are contributing in their respective sectors.

Energy

Turkey is the 10th largest Liquefied Petroleum Gas (LPG) market in the world and 2nd largest in Europe; it has the largest auto gas market along with the world's largest vehicle fleet and widest LPG and station network. VKV contributes to the sector through Aygaz Doğal Gaz which engages in the sale of natural gas through pipelines to eligible consumers and provides liquefied natural gas (LNG) to customers who do not have access to it through special transport vehicles. Entek ensures resource diversification in production and invests in renewable energy. OPET is engaged in the retail fuel distribution sector, mineral oils, storage, and trade; it launches multiple social responsibility projects such as the "Clean Toilet Campaign," "Green Road," "Exemplary Village," and "Respect for History." Tüpraş has four refineries with a processing capacity of 28.1 million tons of crude oil per year. By doing so, the company is expanding infrastructure and upgrading technology in order to supply modern and sustainable energy services [Task 7.b].¹³⁰¹³¹

¹²⁸ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹²⁹ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹³⁰ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹³¹ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

Automotive

Ford Otosan is Ford's largest commercial vehicle production center in Europe and Turkey's largest exporter with the largest workforce in the Turkish automotive sector. Another company in Koç Holding's portfolio, Otokoç Otomotiv, aims at "Being an innovative and global roadmate offering transportation solutions." Tofaş manufactured electronically controlled tractor engines with Tier-4 emission standards, which has long been in development by engineers at the TürkTraktör R&D center. Thus, the companies are upgrading infrastructure and retrofitting industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes [Task 9.4].¹³²¹³³

Consumer Durable

The global white goods market grew by 1.5% to 535 million units while the revenues increased by 3% reaching to \$209 billion in 2019. Bilkom, a giant in the white goods market, strengthens its position via new brands, competitive prices, and its service diversity. Arçelik A.Ş. carries out production, marketing, sales, and customer service activities in white goods, consumer electronics, small home appliances, and kitchen accessories. Arçelik is the sector leader in Turkey and 3rd largest in Europe, adding value and achieving higher levels of economic productivity through diversification, technological upgradation, and innovation [Task 8.2].¹³⁴¹³⁵

Finance

¹³² Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹³³ Final list of proposed Sustainable Development Goal indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹³⁴ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹³⁵ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

Yapı Kredi is a global financial group involved in retail banking (e.g., consumer banking, private banking, asset management, SME banking, card payment systems), corporate banking, and commercial banking. Yapı Kredi's Code.YapıKredi Acceleration Program transforms enterprises into sustainable and scalable companies by helping selected entrepreneurs to expand their products and services through training, consultancy, and mentoring support for 6 months. Koçfinans provides retail and corporate credit solutions to its customers in automotive, white goods, home electronics, and education. Koçfinans exchanges information with fintechs (financial technology companies) to create a solid foundation in the entrepreneurship ecosystem. These companies are strengthening the capacity of domestic financial institutions and expanding access to banking, insurance, and financial services for all [Task 8.10].¹³⁶¹³⁷

Technology

The Koç Group contributes to Turkey's future through investments that improve both the standards and the quality of consumer life through other initiatives as well. KoçDigital, partnered with Boston Consulting Group (BCG) to bring global know-how to the Turkish market and to support enterprises by making them competent for the current and future digital worlds. Ram Dış Ticaret has seen commercial success by providing high-quality and competitively priced Turkish products and supplies for the UN and other international aid organizations in 34 countries on 4 continents.¹³⁸ As a leading global supplier to the United Nations (UN), the company meets the immediate humanitarian needs of large masses of people.

Sustainability

¹³⁶ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹³⁷ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹³⁸ Ram Dış Ticaret. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/activity-fields/sectors/other/ram-foreign-trade>

Koç Group's global vision and evolving sustainability agenda is driven by the Sustainable Development Goals (SDGs). Koç Holding maximizes impact and sustainably manages risks and opportunities by focusing on cross-cutting issues. They believe that businesses must see these goals as drivers for innovation and generators of economic growth. Their sustainability framework *Lead. Together* ensures that they are positioned to contribute to solutions for sustainable development and is explored in detail below (see Appendix D).

Growing the Business Together

Aiming for sustainable, profitable growth, Koç Holding's aim is to create businesses that deliver sustainable and profitable growth. Businesses in Koç Holding succeed by developing business models that are flexible, efficient, and focused on creating long-term value. Additionally, they work to align with changes in broader society, in the environment, in technology and business to maximize their potential by developing products and services that meet the pressing needs and expectations of society. By adding value and responding to changes in technology, business, and society, VKF triggers a ripple effect and sets an example for their stakeholders—extending to all industries, business partners, and the wider society.¹³⁹

Digital Transformation

Technology is reshaping all sectors and changing the way people interact with each other and the world. Digitalization transforms customer experience and helps efficiently serve people with customizable facilities. To maximize opportunities offered by digital technologies, Koç Holding predicts a cultural change, efficient production processes, increased employee participation, innovative products and business models. It requires cross-departmental and internal and external stakeholder collaboration and enhanced employee skills. The Koç Digital

¹³⁹ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

Transformation Program aims to transform products, services and business processes and to build the digital skills required to upgrade digitalization at large. The program started with more than 300 digital projects, covering different business aspects like marketing and supply chain and has completed 190 projects with 240 projects ongoing.¹⁴⁰

Developing Human Capital for the Digital World

One of the critical missions of KoçDigital is to create qualified human resources via training the digital skills required for implementing and managing digital projects with KoçDigital Academy. The aim is to invest in the human capital and bring the global know-how and expertise to Turkey.¹⁴¹ Consequently, a skilled workforce can contribute to the future of the country and create a value-added economy. The academy develops and offers training to specialists from group companies and customers. The Code.YapıKredi Acceleration Program helps entrepreneurs build businesses and stimulate the economy. Additionally, they can benefit from KWORKS' Entrepreneur Research Centre's technical support and infrastructure.¹⁴²

Innovation in the Digital World

Koç Holding gains a competitive advantage by bringing a structured approach to innovation and entrepreneurship to all of their businesses, with the belief that innovation with a sustainability focus improves quality of life, protects the environment, and serves communities. By scaling, using transformative ideas, and taking calculated risks, Koç Holding makes substantial contributions to all the SDGs and ensures that customers, business, and society thrive together.¹⁴³

¹⁴⁰ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁴¹ <https://www.kocdigital.com/KD/files/92/92749215-6ad6-4156-aa85-2b210c924d24.pdf>

¹⁴² Murphy, C. (2018). Paid Program: Banking Breakthroughs. Retrieved 1 September 2020, from

<https://partners.wsj.com/oracle/yapi-kredi-drives-mobile-banking-innovation-with-big-data-analytics/>

¹⁴³ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

Innovation Honing Human Capital Development

Koç Holding supports business partners in improving their efficiency in quality production, awareness of environmental and human rights, and formation of strong ethical company culture based on business ethics. They introduced the Supplier Audit Program to conduct quality and product safety checks focused on social, environmental, and ethical criteria. The audits cover the companies value chain, financial performance, and inclusion of sustainability goals beyond the business horizon. Consequently, better business practices result in a synergistic effect extending to multiple stakeholders.

The SDG's: Digital Alignment

Koç Holding's approach fulfills SDG Goal 8, to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." Through digitalization and innovation in education and training, they substantially reduce the proportion of unemployed youth [Task 8.6]. Such programs allow the company to build resilient infrastructure and promote inclusive and sustainable industrialization [Goal 9]. This effort helps them support economic development and wellbeing, with a focus on affordability and equity [Task 9.1]. Their programs enhance technology development, research, and innovation and ensure a conducive policy environment for industrial diversification and value addition to commodities [Task 9.b]. The company is achieving greater equality, sustainable management, and efficient utilization of natural resources [Task 12.2] by adopting social protection policies [Task 10.4]. Koç Holding is promoting the development and dissemination of environmentally sound technologies [Task 17.7]. As a result, cities and settlements are becoming inclusive, safe, resilient, and sustainable [SDG Goal 11] and achieve SDG Goal 17, which is strengthening the

means of implementation and revitalizing the Global Partnership for Sustainable Development.¹⁴⁴

Empowering People Together

Koç, works to create a community of empowered and engaged employees who have the knowledge and skills to reinvent business models of and for the future. This is in line with human capital development as they attract, retain, and develop multi-skilled talents and strengthen employee engagement in all countries in which they operate in order to grow globally. They provide people the skills needed to create a talented and inclusive workplace while uplifting the Koç Group Code of Ethics and Business Conduct and the SDGs.¹⁴⁵ Within this remit, they maximize their collective potential to develop the solutions of the future to combat society's most pressing challenges.¹⁴⁶¹⁴⁷

Future Talent

Koç Holding realizes the importance of flexibility, agility, dynamism, collaboration, and entrepreneurship in the workplace for attracting the best emerging talents. In terms of training, Koç Holding meets the Industry 4.0 demands and advances human capital through the cultivation of sophisticated skills.¹⁴⁸ Science, technology, engineering, and math skills are in demand and needed to grow and excel. However, there is a shortage of these skills and of multifaceted thinkers who can tackle the complex interdisciplinary challenges facing business and society.

¹⁴⁴ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹⁴⁵ Koç Group Code of Ethics and Business Conduct and Implementation Principles. Retrieved 1 September 2020, from <https://www.koc.com.tr/tr-tr/hakkinda/Documents/Koc-Group-Code-of-Ethics-and-Business-Conduct.pdf>

¹⁴⁶ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁴⁷ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹⁴⁸ Industry 4.0 Digitalizing Production, Smart Efficiency. Retrieved 1 September 2020, from <https://www.kocsistem.com.tr/en/trending-subjects/industry-4-0/>

The skills shortage in Turkey is a major issue for businesses and it is expected to emerge in the medium to long term. In 2018, 66% of private companies had problems finding employees with the required skills.

Koç Holding believes in strengthening its talent pipeline and invests in its employees to improve their skills. Such investments ensure employee empowerment and successful long-term business growth. Additionally, the transferable skills taught to the workforce are expected to help them integrate the technology and innovation necessary to succeed in the new business environment. Koç Academy provides employees in-class and online training programs, one-on-one coaching, and mentoring to effectively manage talents and skills. In 2018, 416 employees attended coaching programs and 366 employees took part in the various mentoring programs. Additionally, Koç Holding helps senior executives improve their leadership competencies in the digital world through the Personal Development Program (PDP) for all senior executives of Koç Group.¹⁴⁹

Creating Equal Opportunity in the Workplace

Gender equality is vital to advance social progress, improve human development, and build more equitable societies. Looking at the progress of SDG 5, in 2018, while some forms of discrimination against women and girls diminished, gender inequality continues to hold women back—depriving them of basic rights and opportunities.¹⁵⁰ Koç Group companies operate in traditionally male dominant industries like energy, durable goods, automotive, and finance sectors. Such gender stereotypes obstruct women's equal access to economic participation and

¹⁴⁹ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁵⁰ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

need to be eliminated. For this reason, Koç Group works to shift traditional norms and serves as a role model.

As mentioned in the education section of the case, Koç Holding cultivates a diverse and inclusive workplace in which men and women feel valuable and valued irrespective of roles and hierarchy. They aim to create an inclusive culture for a more productive and collaborative workplace across industrial plants. They adopted gender equality as a guiding ethic and reevaluated their work environment to make it more conducive to women and their optimal development and advancement. As examples, they enhanced childcare and safety at the workplace and provided mentoring during and after maternity leave. Women employees who benefit from childcare increased to 20% in 2018 from 18% in 2017.¹⁵¹ Koç Holding has also signed the United Nations Women Empowerment Principles (WEPs) with 30 of their subsidiaries and has encouraged its stakeholders to recognize gender equality via the HeForShe initiative.¹⁵²

SDGs and Equality

Largely, Koç Holding is working to end various forms of discrimination and empowering women economically. They ensure women's full and effective participation through equal opportunities for leadership at all levels of decision making [Task 5.5]. They aim to achieve full and productive employment and decent work for all women and men, including for young and senior people, and equal pay for work of equal value [Task 8.5]. This trend helps Turkey realize the true potential of the workforce and improve their GDP. Koç Holding's operations empower and promote inclusion for all, irrespective of age, gender, disability, race, ethnicity, origin,

¹⁵¹ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁵² Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

religion, or economic status [Task 10.2]. They increase the number of youth and adults who have relevant skills through technical and vocational training to help them find employment, respectable jobs, and entrepreneurship [Task 4.4]. Through their equal opportunity provider policies, they reduce inequalities of outcome [Task 10.3].¹⁵³

Act for the planet. Together.

Protecting the environment correlates with sustainable economic development. Koç Holding is in a strong position to act on complex global challenges with long timeframes such as climate change. Their global scale and engagement present significant opportunities to contribute to the progressive climate agenda. In doing so, they set an example both within their ecosystem and beyond. Global climate change has widespread unprecedented social and environmental impacts, with a potential to have irreversible hazards if action is not taken in time. Experts on the environment, energy, and sustainability working in different Koç Group companies are united under Koç Environment Committee in order to support coordinated efforts to create sustainable solutions and strategies for all of their businesses.

The committee develops its strategies in the light of universal principles such as the Paris Agreement, UN Global Compact, and Sustainable Development Goals Agenda. Their current long-term strategy focuses on climate action, resource and energy efficiency, green procurement, zero-waste operation, developing environmentally friendly products, and obtaining internationally recognized environmental management certifications for all their facilities. All environmental policy and performance of the group companies is inspected internally and externally for an objective and detailed evaluation.¹⁵⁴¹⁵⁵

¹⁵³ Ibid.

¹⁵⁴ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁵⁵ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

Dealing with Climate Change

In relation to SDG 17, which focuses on climate change, Koç Holding adopts the best available technology to optimize their operations, reduce emissions, increase use of renewable energy, and adapt to the impacts of climate change across all industries. With its short-term and long-term implications for businesses, climate change is an emerging risk. Koç Holding works simultaneously with industry and sector peers, government institutions, academia, and society to accelerate the climate change agenda and support policy development globally. Since 2011, Koç Group has set an example on climate change for the Turkish business community through its presence in many local and international platforms. The group participates in the Climate Change Conference of the Parties (COP) annually and adheres to the United Nations Framework Convention on Climate Change (UNFCCC).¹⁵⁶¹⁵⁷

Looking at the portfolio companies Energy Management Highlights of 2018, Arçelik reached 64,890 GJ of energy saving and reduced 6,201 tons of CO₂ emissions through 118 different energy-efficiency projects.¹⁵⁸ Ford Otosan saved 6,955 GJ in natural gas usage and saw a reduction of 362.7 tons in CO₂ emissions with the Solarwall project.¹⁵⁹ Opet used 526 GJ green electricity produced from the Mersin Terminal Solar Power Plant. Otokoç reached a 30% reduction in energy consumption due to LEED Green Office Certificate.¹⁶⁰ Tat Gıda's efforts for energy efficiency projects have resulted in 17,694 GJ of energy savings and a reduction of 2,365 tons in CO₂ emissions.¹⁶¹ Tofaş reduced its CO₂ emissions by 5,383 tons.¹⁶² Tüpraş achieved a

¹⁵⁶ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁵⁷ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹⁵⁸ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

¹⁶² Ibid.

243,666-ton reduction in CO₂ emission with its energy efficiency projects.¹⁶³ Koç, Group companies operating in the energy sector meet 60% of Turkey's demand for petroleum fuel products and account for more than half of the nation's storage capacity.¹⁶⁴

Water Management

Achieving SDG 6, which is Clean Water and Sanitation, is essential for human health, environmental sustainability, and economic prosperity. Thus, Koç, Group Environment Committee has prepared the "Koç, Group Water Risks Analysis" to examine the physical, regulatory, and reputational risks in their river basins of operation. They aim to reduce freshwater withdrawals by boosting water efficiency in production through recycling, recovery, and cutting wastewater. Additionally, they try to improve water quality and lower the stress on water resources through source diversification. Some highlights include Arçelik, which saved 237,000 m³ of water through water saving projects. Otokoç achieved a 40% reduction in water usage following the LEED Green Office Certificate. Tüpraş supplied 98.5% of its water needs through wastewater recovery. TürkTraktör achieved 6,584 m³ of wastewater recycling through recycling (see Appendix E).¹⁶⁵¹⁶⁶

Safely Managing and Disposing Waste

At Koç, Holding, waste management is done in the most environmentally friendly way to enable circular methodologies in operations. They reducing the waste generated and continuously recycling and reuse it. They safely dispose the residual waste by identifying possible effects of the waste and treating them accordingly. As of today, 17% of total waste

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

¹⁶⁶ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

generated is hazardous waste, which is held as highly significant and treated accordingly (see Appendix F).

Globally, human activity can threaten biodiversity and ecosystems. It needs to be dealt with to restore environmental sustainability and ensure economic and human development. Koç Holding's environmental strategy includes the conservation of biodiversity, evaluation, and mitigation of potential negative impacts of their operations. Through their biodiversity action plan, they continuously seek ways to minimize the impacts caused by their operations and ensure effective land management and biodiversity protection. The plan incorporates ecosystem protection, habitat and soil protection, and preservation of all species, especially endangered species. Their actions align with SDG Goal 14 (Life Below Water) and Goal 15 (Life on Land).¹⁶⁷

Sustainable Development Goals and Koç Group alignment for resource preservation

Koç Holding ensures availability and sustainable management of water and sanitation [Goal 6]. They improve water quality, reduce amount of untreated wastewater, and recycle and reuse by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials [Task 6.3]. Consequently, they preserve water-related ecosystems [Task 6.6]. Notably, they are reducing the adverse per capita environmental impact of cities by paying special attention to air quality and waste management [Task 11.6]. They minimize waste generation through the abovementioned programs [Task 12.5]. They also improve education and raise awareness on human and institutional capacity for climate change mitigation, adaptation, impact reduction, and early warning [Task 13.3]. They have also prevented and significantly reduced marine pollution [Task 14.1]. Additionally, they manage and protect marine and coastal

¹⁶⁷ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

ecosystems to avoid significant adverse impacts and take action for their restoration to achieve healthy and productive oceans [Task 14.2]. They preserve the terrestrial ecosystems by managing forests, land degradation, and halting biodiversity loss [Task 15.c].¹⁶⁸

Strengthening Community Together

Koç Group improves daily lives, relationships, working environments, economic and social lives through their forward-looking approach to increasing the impact of digital technologies. In this emerging future, the focus area of “Lead Together” concentrates on the social change necessary in the abovementioned programs. Koç Group aims to understand the societal effects of complex issues and invest in vocational training through comprehensive programs.

In collaboration with Vehbi Koç Foundation and the Ministry of National Education, they aim to create awareness on the importance of vocational technical education. Addressing and tackling complex environmental and social issues requires multi-stakeholder initiatives. In line with their sustainability leadership vision, they need to contribute in global initiatives that involve the private and public sector, international organizations, non-governmental bodies, and universities to manage material topics. Koç Holding takes part in such initiatives to achieve the *Lead. Together* narrative (see Appendix G).¹⁶⁹

A Holistic Look at Koç Group and Various Frameworks

Koç Group provides quality education and reduces gender inequality through the programs mentioned above, aligning themselves with United Nations SDG 4 (provide quality education and promote lifelong learning opportunities) and 5 (empower women through gender

¹⁶⁸ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

¹⁶⁹ Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

equality). Their sustainability approach is aligned with SDG 17. The 2030 Agenda requires effective collaborations between all stakeholders and an integrated approach in order to achieve the 17 SDGs. SDG 17 specifically aims at creating this commitment through strategic partnerships and collaborations. Stakeholder outreach and integration are key drivers for the company and portfolio companies' success. Koç Group brings stakeholders' perspectives into their sustainability strategy in order to nourish their business, earn profits and generate tangible results by keeping the environment, human, employee rights, ethics, innovation, diversity, and inclusion at the foreground of all their work. Through the previously mentioned goals and programs, Koç Group aims to meet the competing expectations and interests of shareholders, investors, employees, group companies, distributors, customers, civil society organization, governmental entities, industry associations, and universities.¹⁷⁰

The impact created by VKF and Koç Holding was analyzed through this case study. The economic and social benefits of human capital formation and human development are seen through the improvement in Turkey's various sectors. By educating the population, providing healthcare facilities, providing employment opportunities, diversifying across different industries, and preserving the culture, these companies are providing basic needs for anyone living in Turkey. These companies are reducing social divides, accelerating Turkey's economic growth, and drawing attention to Turkey on a global scale. They are a role model for businesses all over the world to add value for all stakeholders and sustainably managed operations. Their impact is empowering people and communities to keep developing and reaching their highest potential, proving that they are an integral part of the socio-economic landscape of not only Turkey, but the world.

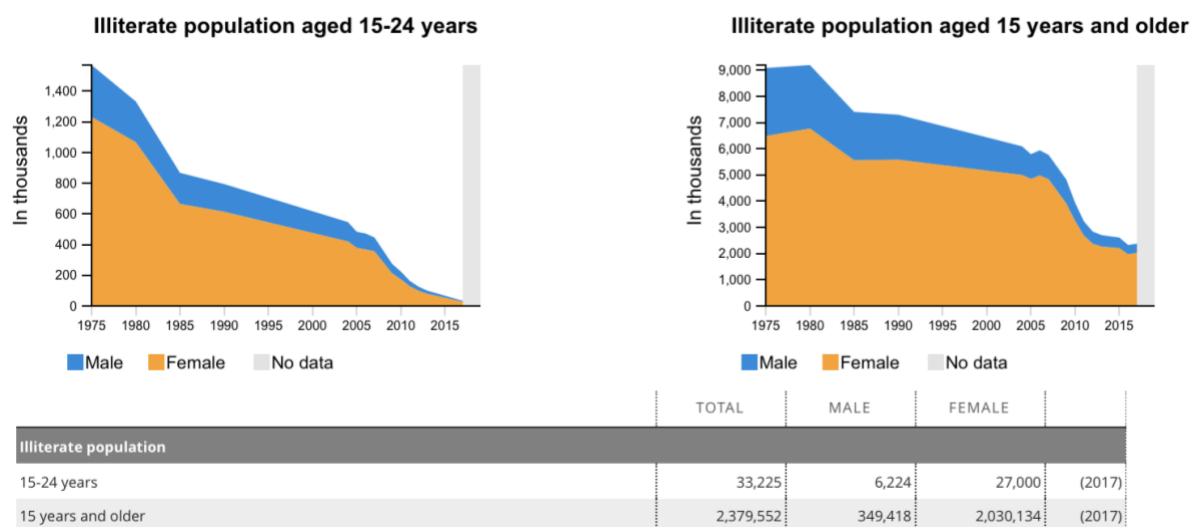
¹⁷⁰ Final List of Proposed Sustainable Development Goal Indicators. Retrieved 1 September 2020, from <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

Appendix A

Literacy Metrics in Turkey

Figure 1

Literacy Metrics in Turkey¹⁷¹



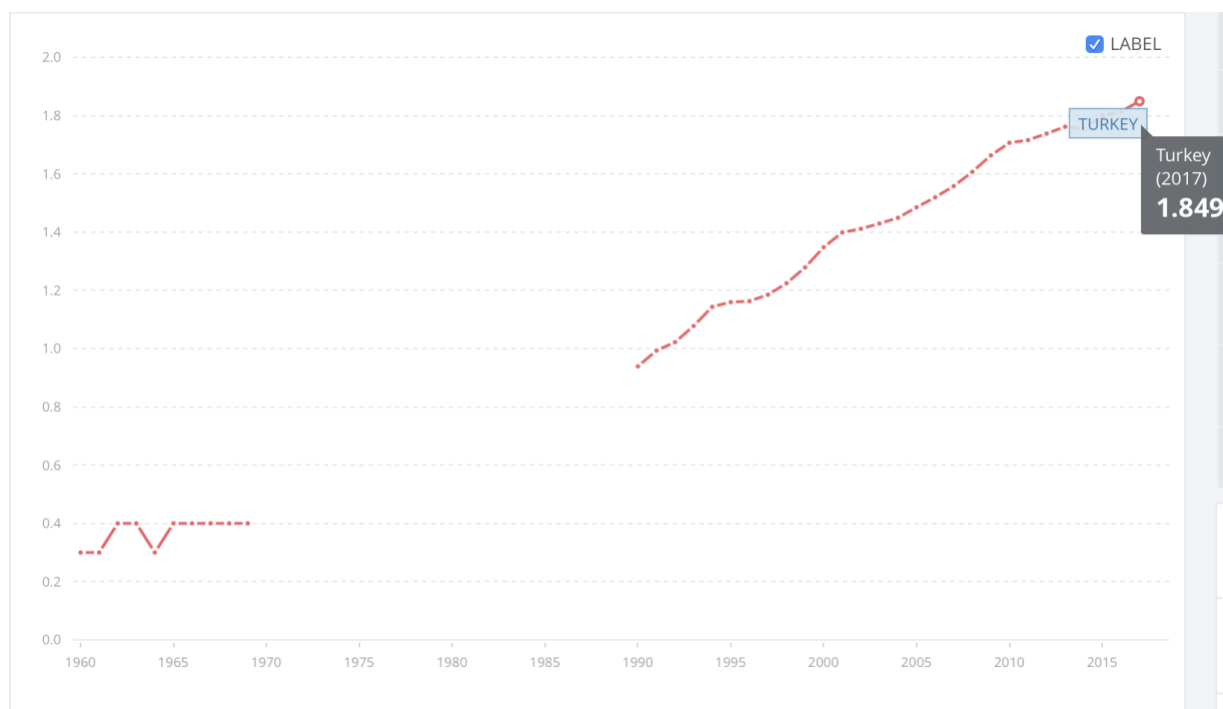
¹⁷¹ Turkey. (n.d.). Retrieved September 01, 2020, from <http://uis.unesco.org/en/country/tr?theme=education-and-literacy>

Appendix B

Healthcare Metrics in Turkey

Figure 2

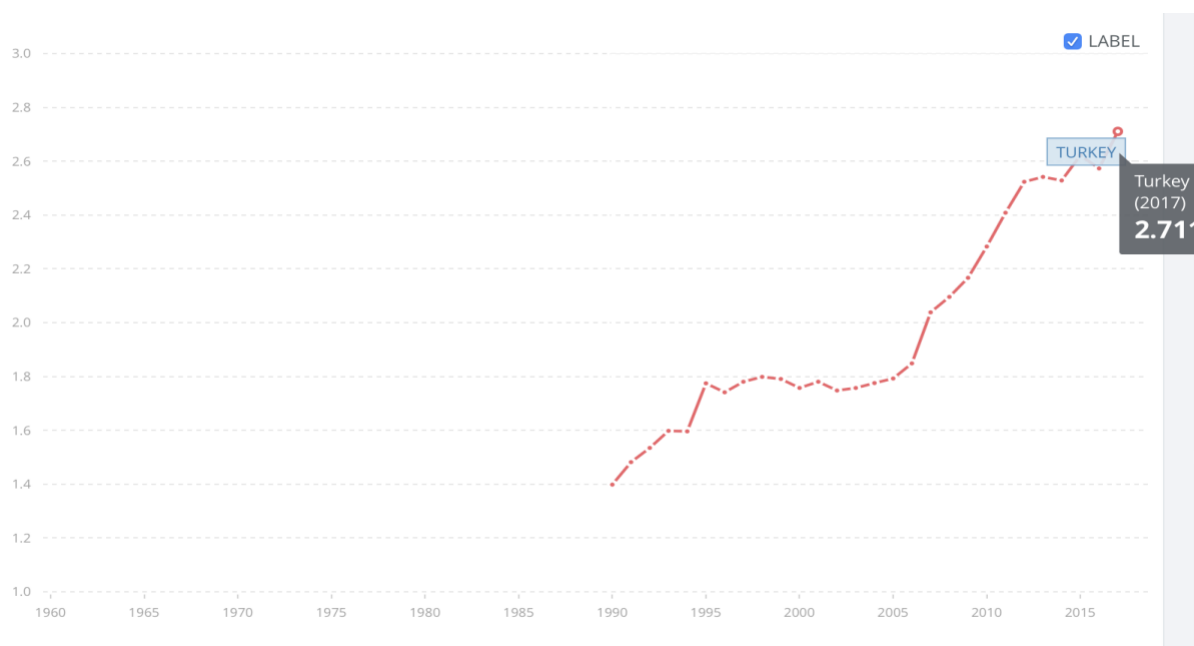
*Number of Physicians (per 1,000 people)*¹⁷²



¹⁷² Physicians (per 1,000 people). (n.d.). Retrieved September 01, 2020, from <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS>

Figure 3

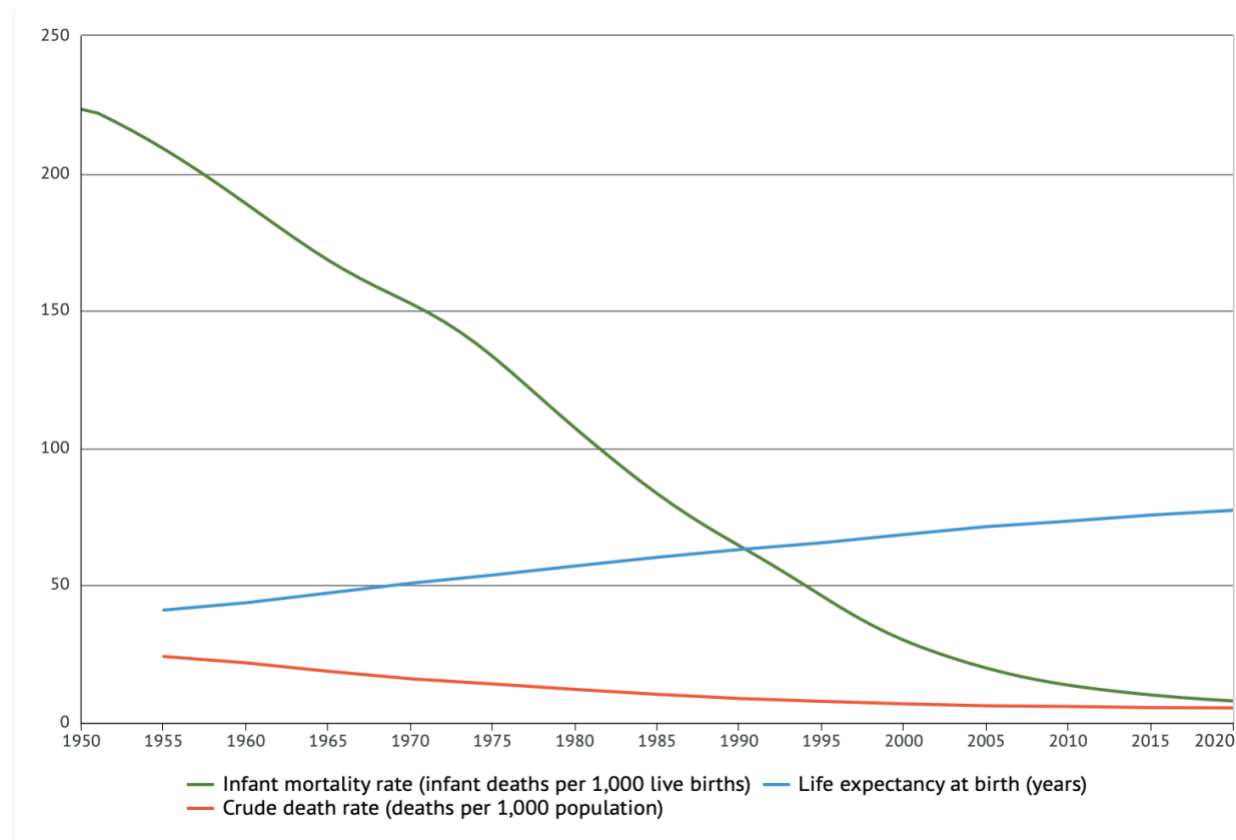
Number of Nurses and Midwives (per 1,000 people)¹⁷³



¹⁷³ Nurses and Midwives (per 1,000 people): Turkey. (n.d.). Retrieved September 01, 2020, from <https://data.worldbank.org/indicator/SH.MED.NUMW.P3?locations=TR>

Figure 4

Healthcare Metrics in Turkey 1950s versus 2020¹⁷⁴



¹⁷⁴ World Population Prospects 2019. (n.d.). Retrieved September 01, 2020, from <https://knoema.com/UNWPP2019/world-population-prospects-2019>

Appendix C

Poverty, Tourism as Measure of GDP, Number of Tourists Arriving 2019

Figure 5

Number of People Below the Poverty Line¹⁷⁵

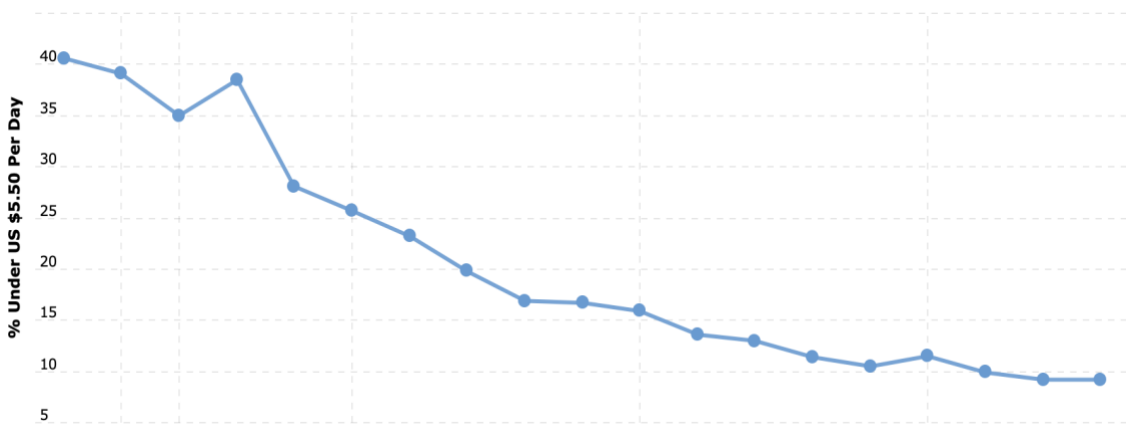


Figure 6

Contribution of Tourism to Nation's GDP and in Absolute Measures¹⁷⁶

¹⁷⁵ Turkey Poverty Rate 1987-2020. (n.d.). Retrieved September 01, 2020, from <https://www.macrotrends.net/countries/TUR/turkey/poverty-rate>

¹⁷⁶ World Travel and Tourism Council Data. (n.d.). Retrieved September 01, 2020, from <https://knoema.com/WTTC2019/world-travel-and-tourism-council-data>

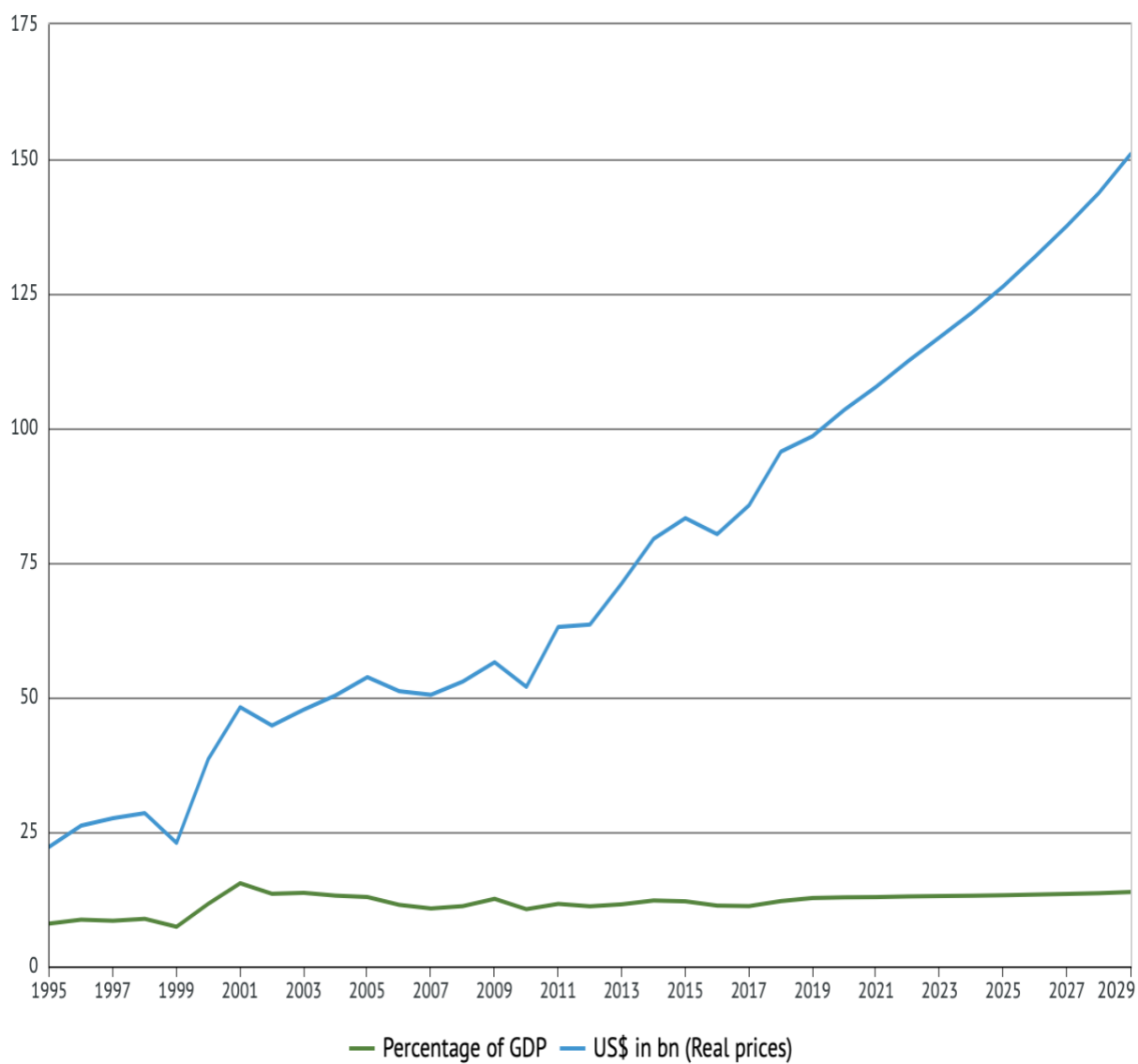
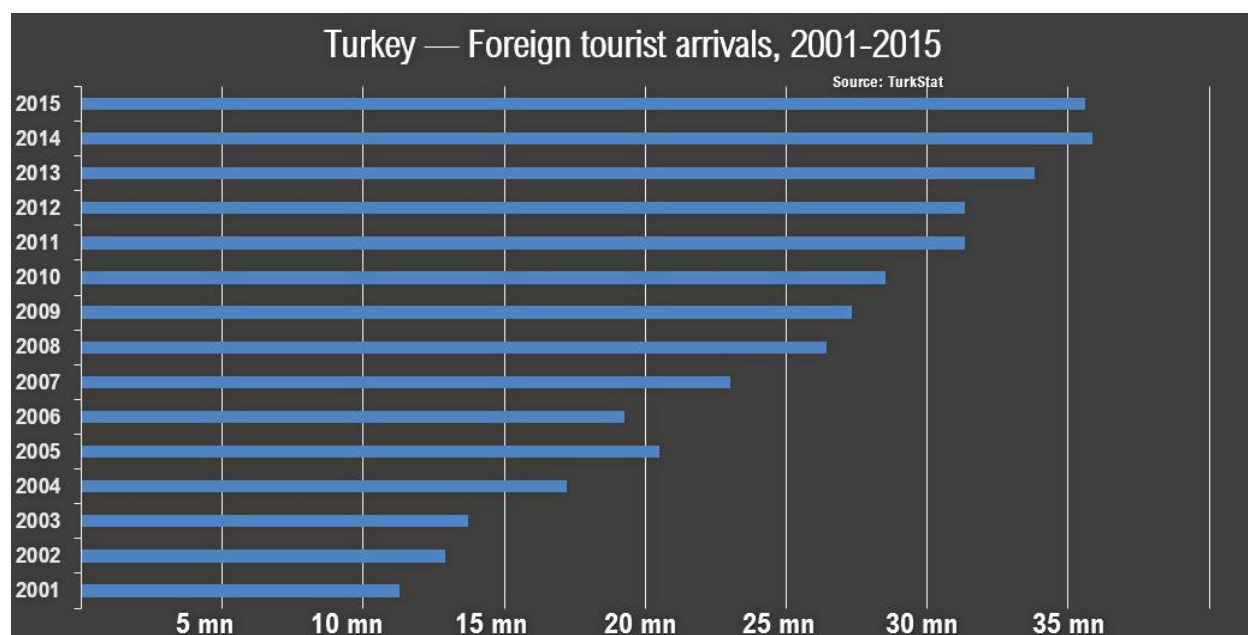


Figure 7

Number of Tourists Arriving in Turkey 2015¹⁷⁷



¹⁷⁷ Kessel, I. & Richter, F. (2017, July 13). Infographic: Turkey's Tourism Took a Hit in 2016. Retrieved September 01, 2020, from <https://www.statista.com/chart/10270/tourism-in-turkey/>

Appendix D

Koç Group *Lead. Together* Framework

Figure 8

*Koç Group Framework Lead Together System*¹⁷⁸

Pathway to Lead. Together



102-47 / 102-49

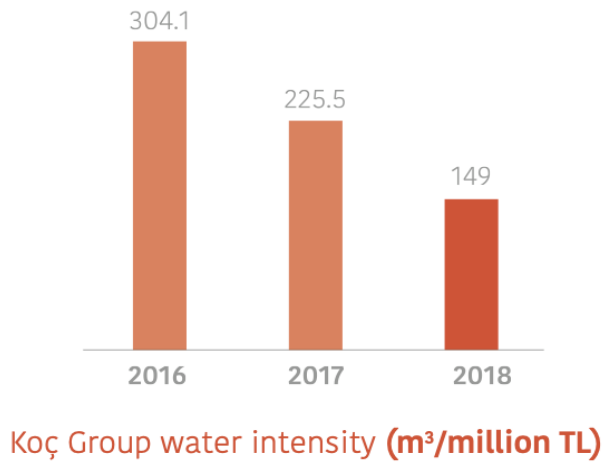
¹⁷⁸Koç Group Sustainability Report 2018. Retrieved 1 September 2020, from <https://www.koc.com.tr/en-us/sustainability/CSRReports/Koc-Group-Sustainability-Performance-2018.pdf>

Appendix E

Koç Group Water Intensity

Figure 9

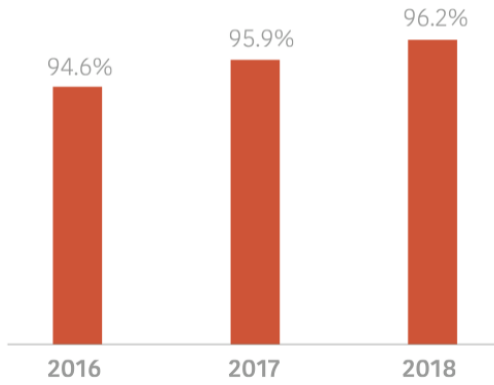
Materiality Water Intensity for Koç Holding¹⁷⁹



¹⁷⁹ Ibid.

Appendix F**Waste Recovery by Year (%)****Figure 10**

Materiality Waste Recovery for Koç Holding¹⁸⁰

Waste recovery by year (%)

¹⁸⁰ Ibid.

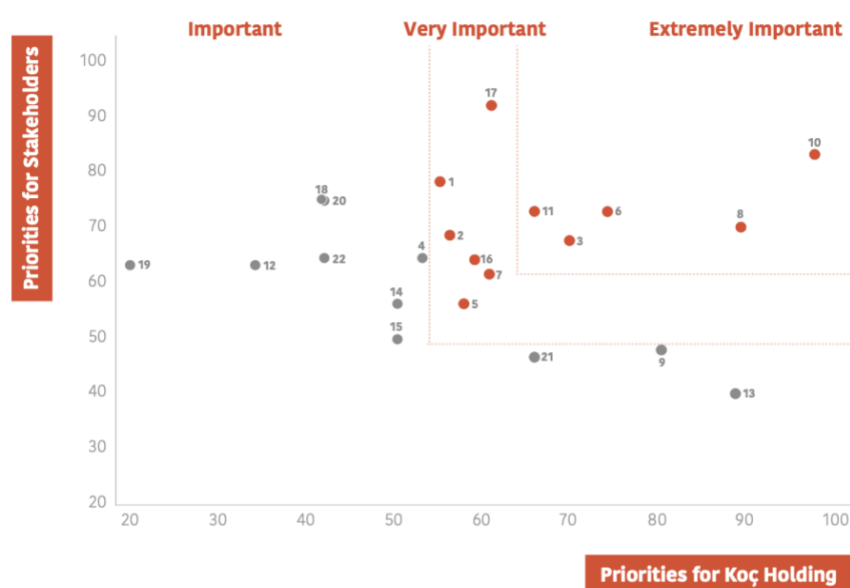
Appendix G

Koç Materiality Analysis

Figure 11

Materiality Analysis for Koç Holding¹⁸¹

Materiality Analysis



- | | |
|---|--|
| 1. Ethics and transparency | 12. Responsibility in the value chain |
| 2. Countering bribery and corruption | 13. Customer satisfaction and customer orientation |
| 3. Talent management | 14. Privacy and cybersecurity |
| 4. Employee rights and human rights | 15. Supporting local development |
| 5. Employee engagement | 16. Leadership in sustainability |
| 6. Occupational health and safety | 17. Climate change management |
| 7. Diversity and inclusion | 18. Waste management |
| 8. Digital transformation | 19. Biodiversity |
| 9. Product quality and safety | 20. Water stewardship |
| 10. Innovation | 21. Community investment programmes |
| 11. Risk management | 22. Stakeholder dialogue |

(Extremely important and very important material issues are marked with red)

¹⁸¹ Ibid.

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