A New Approach in Determining Social Performance: Sustainable Development Principles and Turkey's Outlook

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Abstract

The concept of sustainable development, which has been closely followed, has become a trend for business organizations that desire to continue their existence in the market for a long term, as well as creating future value. Especially with the ongoing economic crisis since 2008, it has been revealed that the GDP, which is only a numerical reflection, does not fully supply the welfare level of the countries and it is not a determinant for value creation in the long view. The development level of the society should be evaluated together with the approaches to social and ecological phenomena, as well as economic data. In this context, various studies have been made to improve social performance at a global level. Among these studies, the Sustainable Development Goals, a national declaration published by the United Nations in 2015, emphasize the world's most remarkable financial, natural and social challenges with the aim of improving social welfare and raising global awareness. The Guideline contains 17 target indicators that are aimed to be achieved by 2030.

The most important basis that separates the Sustainable Development Goals from other existing studies; in addition to emphasizing that global welfare cannot be determined solely in the light of economic data, it also designs the event in 17 non-independent perspectives in line with the target indicators the Guideline contains. In this study, the level of our country will be examined with the modeling of Sustainable Development Goals.

Keywords: *global welfare, GDP, long-term value creation, the Agenda, Turkey.*

Jel Codes: *E01,E21,I31,O44*

Sosyal Performansı Belirlemede Yeni Bir Yaklaşım: Sürdürülebilir Kalkınma İlkeleri ve Türkiye'nin Görünümü

Özet

Son dönemde oldukça yakından takip edilen sürdürülebilir kalkınma kavramı, ileriye dönük değer yaratımının yanı sıra piyasada varlıklarını uzun vadede sürdürmek isteyen kurum ve kuruluşlar için bir trend halini almıştır. Özellikle 2008 yılından itibaren süregelen ekonomik kriz ile beraber, sadece numerik bir yansıma olan GSYİH'nin ülkelerin refah seviyesini tam anlamı ile karşılamadığı ve uzun vadede bir değer yaratımı için belirleyici olmadığı ortaya çıkmıştır. Toplumun gelişmişlik düzeyi ekonomik verilerin yanı sıra, sosyal ve ekolojik olgulara yaklaşımları ile birlikte değerlendirilmelidir. Bu bağlamda, sosyal performansın küresel düzeyde geliştirmesi adına çeşitli çalışmalar ortaya koyulmuştur. Bu çalışmaların arasında, Birleşmiş Milletler tarafından 2015 yılında yayımlanmış ulusal bir bildiri niteliği taşıyan Sürdürülebilir Kalkınma İlkeleri, sosyal refahın iyileştirilmesi ve küresel farkındalık yarat-

ma gayesiyle, dünyanın en gözde finansal, doğal ve sosyal zorluklarına vurgu yapmaktadır. Kılavuz, 2030 yılına kadar gerçekleştirilmesi amaçlanan, 17 hedef gösterge içermektedir. Sürdürülebilir Kalkınma İlkeleri'ni var olan diğer çalışmalardan ayıran en önemli dayanak; küresel refahın, sadece ekonomik veriler doğrultusunda saptanamayacağını vurgulamasının yanı sıra, içerdiği hedef göstergeler doğrultusunda olayı birbirinden bağımsız olmayan 17 perspektif üzerinden tasarlamasıdır. Bu çalışmada, Sürdürülebilir Kalkınma İlkeleri model-lemesi üzerinden ülkemizin hangi düzeyde olduğu incelenecektir.

Anahtar Kelimeler: *küresel refah, GSYİH, uzun vadeli değer yaratımı, kılavuz, Türkiye.*

Jel Kodları: *E01,E21,I31,O44*

Introduction

The main aspect that presents the social performance of societies and reveals the effort to understand them are the main center of the social sciences. The approach to global phe-nomena can be demonstrated by our ideologies, as well as numerical and statistical data. In this context, GDP has a quite significant advantage of keeping economy comparable across time and across countries (Dynan & Sheiner, 2018, p.9) because GDP is the monetary mar-ket value of all goods and services produced in a country over a certain period of time and it is used as the main indicator for determining the global economic positions of countries. This is often kept the same as sustainable level of well-being. In addition to being a poor measure of welfare, GDP is criticized of not including sustainability as well (Kramp, 2010, p.2). Sustainability can be viewed as ongoing maintenance of necessary resources, i.e. the capital stock, often known as "natural capital," is defined as the sum of natural resources and environmental quality, as well as human capital. However, indicators of sustainability should be studied alongside welfare indicators to avoid conflating current welfare with indications of possible future productivity. Societies have consistently adopted economic growth as an indicator of strength in the shadow of competitive ideology and they have preferred to measure the perception of social development over economic performance since then. This period, in which social and natural challenges remain in the background, has led to irreversible disruptions in society over time. However, in between 18-19th cen-tury, when various revolutions took place, societies have undergone an important process of enlightenment, and only for all time have numerical values outstripped social and envi-ronmental phenomena.

Even today, the most important indicator of economic success is GDP per capita, and as the amount per capita increases, the capacity to meet the necessary needs of society is ex-pected to increase. The most important reason is that global development can only exist as long as social and economic c are together. High economic and social development indices are reached when income distribution is moderately unequal, and vice versa. Furthermore, a high level of per capita income and an appropriate amount of GDP allocated to employe-es are both indicators of socioeconomic progress.(Bilan, Mishchuk, Samoliuk & Yurchyk,

2020, p.12). As it can be understood from here, there is a high correlation between social and economic indicators, but whether it is sufficient to reach a general opinion or not should be discussed.

In the literature, there is a lot of debate about whether GDP reflects the social identity of the society or not. However, the long-term value creation and sustainable development concerns of developed countries have come to the fore with the global crisis. Thus, the view that the effect of GDP on determining the level of country welfare should be combined with the level of social development ideology has become widespread. In this context, various studies have been put forward to improve social performance at the global level. Among these studies, the Sustainable Development Goals, which was published by the United Nations in 2015 as a national statement, was developed under the name of 2030 Agenda to emphasize the world's most vital financial, natural and social challenges with the aim of improving social welfare and raising global awareness. The guideline includes 17 target indicators that are aimed to be achieved by 2030. The most important basis that separates the Sustainable Development Goals from other existing studies; in addition to emphasizing that global welfare cannot be determined solely in the light of economic data, it also designs the event in 17 non-independent perspectives in line with the target indicators the Guideline contains.

In the evaluation to be made regarding the comparison of Turkey's social development level with the G20 countries, the single indexation model was used in this study considering that the findings of the Sustainable Development Goals published in 2015 would be useful. First of all, a Turkey-specific analysis will be made regarding the modeling used and a general country view will be presented.

Sustainable Development Principles and Method

Although the positive correlation between social development and economic development has been clearly stated, it has only recently been possible for societies to adopt the process and change their perspectives in this direction. At this point, the United Nations took action and rapidly shaped its activities for sustainable development so that the perspective towards social and natural life could reach a different dimension. They have made studies stating that a global development is not just about economic data and that development cannot be achieved in the long term without social and environmental development. The turning point of these studies is considered to be the United Nations' appointment of former Norwegian Prime Minister, Gro Harlem Brundtland to the World Commission. The United Nations assigned the previous prime minister of Norway Bruntland to run World Commission after all years of humanity suffering from industrialization in most of the countries, it was clear considering only economic capital into business processes has brought an irrevocable cost to humanity, environmental health and social justice throughout the centuries. Therefore, it resulted in an unfair distribution of prosperity all around the world. Ultimately, a new system to harmonize prosperity with environmentalism was

essential. Hence, the fundamental approach to this new system is the environmental sustainability and monetary growth on the principle of preserving nature and striking a balance between conservation and use. For this new system to be successful the harmony between use and conservation has to be preserved, discussions on the principle of not just sustainability but also economy (Toprak, 2012).

In the report, the Brundtland Commission published a national statement under the name of 'the 2030 Agenda', which includes 17 target indicators. These target indicators are in high correlation with each other and have been presented to the world in order to improve global welfare with a broader vision. The United Nations set a supremely prudential vision; a future generation with no poverty, hunger or disease where all living creatures flourished, free from fear and violence. This visionary prediction also envisions a unified world where everyone has equal access to high-quality schooling, health care, and social services at all levels, as well as ensuring mental and social well-being. The meaning of unification is mentioned in the celebrated opening words of the United Nations Charter, "we the peoples today" and "we the people" embrace on the path to 2030. (The General Assembly, 2015).

Among the aforementioned studies, the Sustainable Development Goals direct the researches due to the clarity of the target indicators and the fact that they have a global vision in the studies conducted to increase the global welfare and Social Progress Index. The sustainability reports prepared by countries every year are supports for this idea. The target indicators in the guide also highlight natural and social challenges to form the basis that global well-being does not depend solely on the outcome of numerical data.

Sustainable Development Goals, which were put forward due to the deficiencies of the existing method, inadequacy of analysis and the lack of a concrete directive, have been developed in a way to emphasize human and social development criteria, taking into account the criticisms made against the GDP criterion in the recent period. In the modeling, it has been done on 17 target indicators that are technically presented independently in order to determine the level of global welfare. In this context, it is defined by the United Nations simply as 'the world we want' or 'to ensure that no one is left behind' (United Nations Development Group, 2016, p.16).

The 17 target indicators in the Sustainable Development Principles, designed to measure global welfare and social development, are classified according to three cornerstones of sustainability; social, economic and environmental presence. The notion of sustainability has re-interpreted over the time as encompassing three aspects; social, economic and environmental capital. This three pillar conception of sustainability is generally depicted as three intersecting circles with overall sustainability at the center, meaning that there is no single point to construct sustainability but economic status from both social and ecological perspectives takes a part of a solution for social and ecological problems (Mao, Purvis & Robinson, 2018).

Table 1: SDGs linked to production activities grouped by three assessment areas

Economic Capital	Social Capital	Environmental Capital
Goal 1: No Poverty	Goal 2: Zero Hunger	Goal 6: Clean Water & Sanitation
Goal 5: Gender Equality	Goal 3: Good Health & Wellbeing	Goal 7: Affordable & Clean Energy
Goal 8: Decent Work & Economic Growth	Goal 4: Quality Education	Goal 11: Sustainable Cities & Communities
Goal 9: Industrial Innovation & Infrastructure		Goal 12: Responsible Consumption & Production
Goal 10: Reduced Inequalities		Goal 14: Life Below Water
		Goal 15: Life on land

Source: *Esposito (2018), World Economic Forum White Paper: Driving the Sustainability of Production Systems with Fourth Industrial Revolution Innovation is used to form Table 1.*

So the guide; examines the target indicators on economic, social and environmental factors in three dimensions. The international economic operations and trade exist to sustain monetary policies of the nations. The economic operations are shared, bare and liberated to supply financial specifications of the nations. In order to keep the economy sustained for a long term period, the balance among human and environmental capital has to be protected against monetary policies; Social capital is a value of universal human rights and can be succeeded with the existence of essential necessities of humankind at reasonable level such as health, safety and nutritions, whereas individuals are protected against universal human violations. Therefore, social capital has to be kept in equilibrium alongside the other two capitals; and In order to sustain the growth, environmental integrity has to be kept in equilibrium with utilization of natural resources by humankind all around the world. First phase of the New Agenda proposes to pursue the balance with the environmental values to gain a success against sustainability for a longer term. As no one dimension can be highlighted, the 17 target indicators are calculated independently regardless of the three dimensions.

The Sustainable Development Principles prepared a joint statement that could be used by countries at the international level, and provided the opportunity to evaluate the social and economic analyzes of countries in multiple dimensions. Although the guide includes 17 target indicators, each target indicator is divided into sub-headings in order to elaborate the analysis, and sustainability performance is calculated over a total of 169 components. The guide shows how successful the countries are on the concept of sustainability and what they are lacking through these components.

In Table I, the target indicators are matched with the associated value. While making this classification, the value with which each subcomponent has the highest correlation was analyzed and modeling was created in line with empirical studies. The point to be

considered while creating this modeling is that the target indicator is created in line with the purpose of sustainability and that there is literature belonging to the institutions to be analyzed. While preparing the sustainability data for a country, new variables, findings and factors belonging to that country are determined, and all these are taken into consideration while performing the analysis. At this point, the most reliable method when evaluating data is to compare the results obtained from the same target indicator between countries.

Sustainable Development Goals General Results

The Sustainable Development Goals provide an appropriate method for comparing the level of social development and welfare between countries. In line with the target indicators published in 2015, countries started to submit their sustainability reports. In this context, the Sustainable Development Solutions Network published comprehensive reports between the years 2016-2020, including G20 countries. First of all, although it is seen that there is a positive correlation between economic development and social welfare, it has been understood that economic indicators are not sufficient enough to create social welfare overview. The strong correlation between the social welfare levels of G20 countries and their GDP per capita cannot be ignored, but there are exceptions among the findings. At partial points, the higher sustainability performance of countries with low GDP indicates that a more detailed study at this point and other variables should be investigated.

In Table I, the GDP-PPP averages of the G20 countries for the years 2014-2018 are analyzed; the SDG scores between 2016 and 2020 are also shown. The average values of both variables within the specified times were determined, and outcomes are sorted to make a comparison. According to the outcomes, it is seen that the sustainability performances of the countries that are at a high level economically are also higher. On the other hand, middle-level developing countries lagged behind in the G20 context.

Table 2: Average GDP-PPP vs. SDG Scores of G20 Countries

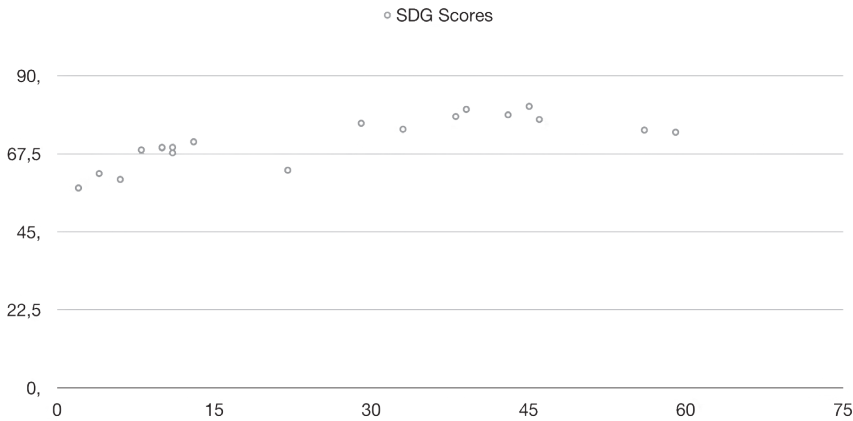| Country Name	GDP - PPP Average (2014-2018)	SDG Score Average (2016-2020)	SDG Score 2016	SDG Score 2017	SDG Score 2018	SDG Score 2019	SDG Score 2020
Argentina	13.037,98	71,04	66,8	72,5	70,3	72,4	73,2
Australia	56.140,01	74,42	74,5	75,9	72,9	73,9	74,9
Brazil	9.712,66	69,38	64,4	69,5	69,7	70,6	72,7
Canada	45.582,19	77,54	76,8	78	76,8	77,9	78,2
China	8.458,68	68,68	59,1	67,1	70,1	73,2	73,9
France	39.367,49	80,4	77,9	80,3	81,2	81,5	81,1
Germany	44.610,85	81,28	80,5	81,7	82,3	81,1	80,8
India	1.780,00	57,72	48,4	58,1	59,1	61,1	61,9
Indonesia	3.623,34	61,92	54,4	62,9	62,8	64,2	65,3
Italy	32.700,05	74,68	70,9	75,5	74,2	75,8	77
Japan	37.810,03	78,36	75	80,2	78,5	78,9	79,2
Republic of Korea	28.744,62	76,44	72,7	75,5	77,4	78,3	78,3
Mexico	9.643,99	67,32	63,4	69,1	65,2	68,5	70,4
Russia	10.839,87	69,4	66,4	68,9	68,9	70,9	71,9
Saudi Arabia	21.822,77	62,84	58	62,7	62,9	64,8	65,8
South Africa	5.989,45	60,14	53,8	61,2	60,8	61,5	63,4
Turkey	10.749,81	67,88	66,1	68,5	66	68,5	70,3
United Kingdom	43.357,68	78,86	78,1	78,3	78,7	79,4	79,8
United States	58.528,46	73,8	72,7	72,4	73	74,5	76,4
Mean Average	25.394,73	71,16	67,36	71,49	71,09	72,47	73,39

Source: *United Nations, SDG Index and Dashboards Reports 2016- 2020; World Bank, GDP-PPP 2014-2018 are used to form Table 2.*

Table 3: General View of Turkey vs. G20

Country Name	GGDP - PPP Average (2014-2018)	SDG Score Average (2016-2020)
Turkey	10.479,81	67,88
G20	25.394,73	71,16

Source: *United Nations, SDG Index and Dashboards Reports 2016- 2020 are used to form Table 3.*

Figure 1: SDG Scores vs. GDP

Source: *United Nations SDG Index and Dashboards Reports 2016- 2020 and World Bank GDP-PPP are used to form Figure 1.*

In the graphic above, which matches the SDG scores with GDP- PPP values, it is clearly seen that the relationship between the two variables is proportional but it is possible to say that there are exceptions as well. According to the graph, the sustainability performance of below average countries have also low GDP. The occurrence of this difference within the framework of the G20 is due to the relatively low opportunity and well-being, which are outside of basic human needs. When both variables are ranked among themselves, the countries below the G20 average are the same countries in both variables.

Table 4: G20 Countries GDP-PPP & SDGs Ranking

	G20 Ranks	
Ranks	**GDP-PPP**	**SDGs**
1	United States	Germany
2	Australia	France
3	Canada	United Kingdom
4	Germany	Japan
5	United Kingdom	Canada
6	France	Republic of Korea
7	Japan	Italy
8	Italy	Australia
9	Republic of Korea	United States
10	Mean Average	Mean Average
11	Saudi Arabia	Argentina
12	Argentina	Russia
13	Russia	Brazil
14	Turkey	China
15	Brazil	Turkey
16	Mexico	Mexico
17	China	Saudi Arabia
18	South Africa	Indonesia
19	Indonesia	South Africa
20	India	India

Source: *United Nations, SDG Index and Dashboards Reports 2016- 2020; World Bank, GDP-PPP 2014-2018 are used to form Table 4.*

Countries above and below the average in GDP-PPP and SDG scores are the same for both variables. High-income countries have high sustainability performances and are close to each other, but income ranges appear to be varied. Within this group, the difference in sustainability performance of the GDP-PPP change is limited. For these countries, welfare is not directly related to GDP-PPP. Sustainability performance is thought to result directly from the sincere application of measures to reduce the ecological burden of the society and from ecological awareness. It is quite difficult to make a general interpretation for countries in the middle income group, including Turkey. For the countries in this group, the factors that reveal and form the basis of the sustainability performance are multifaceted. In this context, only a brief analysis of Turkey's general outlook is presented in the following section.

General View of Turkey in Sustainable Development Principles

In this section, the view of our country in the sustainable development concept will be analyzed. While Turkey ranks 14th among G20 countries in the GDP-PPP variable, it ranks 15th in the SDG score. Turkey's ability to achieve the sustainability level of other G20 countries in the same income group is less dependent on income growth. In order for middle-income countries such as Turkey to catch up with high-income G20 countries with higher sustainability performance, an ecologically conscious society and the level of applying social policies to local life can be exceeded.

Conclusion and Recommendations

While economic success is positively correlated with sustainable performance in middle-income G20 countries, it has limited power to represent quality of life and well-being for high-income G20 countries. In particular, it was concluded that after various global economic crises, countries with high economic performance could not reflect the current situation of the countries in the best way, since the social and environmental difficulties of the countries were in the background.

The 2030 Agenda was published in 2015 by United Nations to the inadequacy of economy-based data in determining the level of global welfare and reflecting country performances. The guide has enabled studies to determine the social development levels and global welfare of countries under the Sustainable Development Goals developed around 17 target indicators.

Correct determination of sustainability targets, establishment of ecological literacy and social policy agenda in the best way, as well as the correct determination of country performance will also have a direct impact on economic development. Achieving global prosperity only needs to ensure the social, ecological and economic development of countries in the long run and value creation in the long run will only be possible by improving sustainability performance.

It should be taken into account that the target indicators developed to improve sustainability performance should be evaluated in line with different variables. It is necessary to analyze the direct and indirect effects on the target indicators designed for global welfare and a sustainable future in order to achieve healthier results. In this study, the economic developments of the G20 countries were evaluated with the SDG scores determined by the target indicators.

When the sustainable performance of Turkey between 2016-2020 is evaluated, it is seen that it is in the 15th place, being below the G20 average and 14th in the GDP-PPP indicator calculated between 2014-2018 which is also below G20 average. In terms of size, Turkey's average GDP-PPP is 10,479 USD, while the G20 average is 25,394 USD, while the avera-

ge SDG score is 67.88, while the G20 average is 71.16. Assuming that Turkey is among the middle-income countries, economic wealth, like other developing countries, has an important place in increasing social welfare and sustainable development. The right measurements are necessary for increasing the welfare of the country and social development and they will be accelerated by bringing ecological literacy and sustainability awareness to the society.

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