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Community as stakeholder of the corporate social responsibility programme in Malaysia: outcomes in community development

Maimunah Ismail, Siti Noormi Alias and Roziah Mohd Rasdi

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Abstract

Purpose – *This study aims to explore the outcome of a corporate social responsibility (CSR) programme in community development from the perspective of its participants in Malaysia. It is argued that information regarding community development CSR, the providers of CSR and the outcomes of CSR on community development in Malaysia has been scant. Hence, this study examines specifically the profiles of participants of CSR programmes in community development, the profiles of selected CSR-participating corporations, the orientation of CSR responsibilities undertaken by corporations as perceived by the participants and the types of community development contribution from CSR-participating corporations. Outcomes were determined through the results of the last two objectives.*

Design/methodology/approach – *Building on the stakeholder theory and the work of Visser's CSR pyramid, this article explores the outcomes of CSR resulting from the participation of individuals in the community. Data were gathered from 336 respondents who were participants of CSR programmes sampled from 58 local and multinational corporations in Malaysia.*

Findings – *The results showed that about half of the respondents were in the younger age group with a mean age of 24.40 years. The majority of the CSR-participating corporations had implemented CSR programmes from the first decade of the millennium and had their core businesses in diverse sectors. Legal responsibility was ranked the most important orientation and ethical responsibility the least important orientation. Education-related activities formed the dominant type of CSR contribution.*

Research limitations/implications – *The study addresses a gap in the literature on Malaysian community CSR, particularly from the perspective of the community, which is one of the important stakeholders.*

Originality/value – *This research contributes to the scarce literature on CSR in Malaysia by analysing the way business organisations in the country contribute to community development through CSR. The findings of this study should be useful to community development practitioners, CSR providers and researchers.*

Keywords *Community development, Corporate social responsibility, Stakeholder, Corporation-society relations*

Paper type *Research paper*

Introduction: corporate social responsibility in the new economic model of Malaysia

It is necessary, at the outset of this article, to describe the stand of corporate social responsibility (CSR) within the context of the New Economic Model (NEM) of Malaysia. The Malaysian Government established a framework of the NEM of Malaysia in 2010, consisting of four pillars to develop and drive the country towards achieving a high-income status by the year 2020. These four pillars are the Malaysia concept of *People First, Performance Now*; the Government Transformation Programme; the Economic Transformation Programme; and the Tenth Malaysia Plan (2011-2015). These pillars are intended to

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highlight the importance of economic, social and government transformations that should take place in the various sectors of development to meet *Vision 2020*. NEM consists of eight Strategic Reform Initiatives (SRIs) (NEAC, 2010, p. 6):

1. Re-energising the private sector.
2. Developing a quality workforce and reducing dependency on foreign labour.
3. Creating a competitive domestic economy.
4. Strengthening of the public sector.
5. Implementing a transparent and market-friendly affirmative action.
6. Building a knowledge-based infrastructure.
7. Enhancing the sources of growth.
8. Ensuring sustainability of growth.

The SRIs serve as enablers towards achieving the goals of the NEM. The first, third, seventh and eighth SRIs acknowledge the role of private corporations as drivers of economic growth and social development. This is in line with one of the distinguishing features of the Malaysian business environment geared towards privatization. Launched in 1983, the policy saw increased government shareholding in privatized projects (Mohd Ghazali, 2008). One of the specific aims of the privatization projects was to ensure a more equitable society, as Malaysia's population comprises many races with differences in culture and socio-economic status. The involvement of private corporations in community-based activities, specifically those involving CSR, is necessary not only to create a more competitive market and improve the economic status of the needy but also to contribute to human resource and community development. As pointed out by Kuchinke (2010), many private corporations have ample resources to contribute to the betterment of the community. CSR is regarded as one of the mechanisms to enhance business and community links, as the latter gains part of the profits obtained by the former. CSR also strengthens collaboration between the government, government-linked companies (GLCs) and the private sector to ensure economic sustainability in the long run (NEAC, 2010).

One concept of CSR in Malaysia is that of corporations' legal obligations to contribute to the improvement of a community's living standards by participation in philanthropic activities (Abdul Rashid and Ibrahim, 2002; Mohamed and Sawandi, 2007). CSR in this paper refers to an approach or programme that represents a society's rights to benefit from quality products and services or contributions by business corporations, to enjoy an enhanced quality of life through various dimensions of community development such as standard of living, education and health.

CSR in Malaysia was formally instituted by several companies in the 1970s. At the turn of the century, it expanded along lines similar to the CSR movements in other Asian countries. The classification of Malaysian CSR drivers adopted in this article is structured in terms of internal and external drivers of CSR (Visser, 2008). The internal drivers are factors that originate from within Malaysia in accelerating CSR, namely, institutional and political reforms, socio-economic priorities, governance gaps, crisis response and market access. On the other hand, the external drivers are influences from abroad such as international standardization, investment incentives, stakeholder activism and influence of the global supply chain.

The main internal CSR drivers in Malaysia are the development of Bursa Malaysia and the Silver Book CSR frameworks both in 2006, and the introduction of CSR awards in 2007. Because of acceleration of Malaysia's liberal new economy, many private corporations were set up, leading to an expansion of CSR activities that provided the community with social services and training programmes, especially in health care and educational opportunities. The Bursa Malaysia and Silver Book CSR formulated the CSR framework for

PLCs that covered four focal areas, viz. the environment, the workplace, the community and the marketplace (Bursa Malaysia, 2006). The third driver is the Prime Minister's CSR Awards (initiated in 2007) to honour companies that have made a difference to the community through their CSR programmes (The Prime Minister's CSR Awards, 2010). CSR has become more formalized, particularly in the first decade of the millennium, as compared to what it was several decades ago.

The external drivers relevant to Malaysia include the expansion of CSR waves, the flow of direct foreign investment and the setting up of multinational corporations, and the influence of The Global Compact Network Malaysia (GCNM). According to Chapple and Moon (2005), community development is the most dominant wave of CSR; the other two are socially responsible production processes and socially responsible employee relations. Waves of CSR seem to be due to the "multiplier effect" of multinationals' (MNC) businesses with the foreign direct investment (FDI) they bring into the country of operation (Porter and Van der Linde, 1995). This is evident through the FDIs of Malaysia at 3.3 per cent in 2008, Thailand at 3.6 per cent, the Philippines at 0.8 per cent, Indonesia at 1.8 per cent and South Africa at 3.5 per cent, which are not far from those of the UK at 3.5 per cent, New Zealand at 4.2 per cent and Australia at 4.7 per cent (UNDP, 2010). Western MNCs are often attracted to developing countries because of their abundance of natural resources and cheap labour, not only in Malaysia but also in Thailand and Vietnam (Chapple and Moon, 2005).

In this paper, the term "community development" is used instead of the emergent term "corporate community involvement" (Hess *et al.*, 2002; Muthuri, 2008), as the latter is commonly associated with CSR in the West. The classic definition of community development refers to a process, an approach, a programme and an outcome (United Nations, 1971) of which philanthropy is one of its subsets. Community development CSR in this article refers to the delivery of goods, services and financial provisions to the community by an external organization, i.e. the business corporation, aimed at improving the living standards of the community. Community development is dynamic and empowering in nature, and leads to sustainability in social development.

The research gap and research questions

Despite the decades-old focus of CSR on business research, the environment and education, the relevant dimensions of CSR in community are still unclear. It is argued that not much attention has been given to the characteristics of the CSR recipients, types of corporations involved, perceptions of participants to the orientations of CSR and the types of provisions extended to the community. In the context of this study, Malaysia, with a population of 29 million in 2012, has undergone tremendous development since the turn of the century. Based on the Human Development Index (UNDP, 2010) Malaysia was ranked 57th, the second highest among Southeast Asian countries (after Singapore ranked 27th). In comparison, Thailand was ranked 92nd, the Philippines 97th and Indonesia 108th. As Malaysia's FDI was 3.3 per cent of its gross domestic product (GDP) in 2008 in comparison to that of Thailand at 3.6 per cent, the Philippines 0.8 per cent, Indonesia 1.8 per cent and South Africa 3.5 per cent (UNDP, 2010), this implies that MNCs also played their part in CSR in Malaysia as they did in the other countries. Furthermore, consequent to the launch of the NEM, as discussed above, CSR has gained greater significance in the country.

The available CSR research in Malaysia is limited to various aspects of CSR disclosures of industrial companies (Saleh, 2009; Said *et al.*, 2009) and corporate social reporting (Zulkifli and Amran, 2006; Amran and Abdul Khalid, 2009). The disclosures and reporting were mainly made through companies' websites and annual reports. CSR studies have focussed on stakeholders' perception of CSR in the Islamic context (Dusuki, 2006; Siwar and Hossain, 2009) which show that some of the CSR orientations are consistent with Islamic tenets, i.e. being ethical, altruistic and adhering to legal procedures. Studies have also explored the attitudes of Malaysian managers towards CSR (Abdul Rashid and

Ibrahim, 2002), revealing that 93.1 per cent of sampled managers were relatively aware of CSR programmes, although they did not fully comprehend their importance. From the literature reviewed, the only study on CSR programmes in community development was by Ismail (2009). The study showed that the CRS programmes are well established in the developed countries, but companies in Malaysia are just beginning to embark on these initiatives to support the government in community development endeavours. The above reviews clearly show that there is a knowledge gap in business–community relations with regard to CSR.

Internationally, the study of Howard Bowen's *Social Responsibilities of the Businessman* (1953 cited in Lee, 2008) is believed to be the first attempt to theorize business–society relations, and today, the understanding of such relations has evolved based on worldwide studies. A classic example is the experience of Barrick Gold Corporation, a Canadian mining corporation when dealing with the local communities in the Lake Victoria Zone, Tanzania (Newenham-Kahindi, 2011). Following heightened criticisms from the surrounding communities including the workers, Barrick responded by implementing global CSR policies in an attempt to strike a balance between its international business capabilities and its localization strategies. Among the focusses of the CSR programmes were:

- implementing educational program in partnership with local communities. Through its newly established Community Department, the educational programme enabled Barrick to identify self-employment opportunities within the communities around the Bulyanhulu Gold Mine;
- using local, educated individuals to promote a broad array of social entrepreneurship skills in a variety of areas such as finance, accounting and marketing involving local stakeholders in partnership with local governments, non-profit organizations and communities; and
- implementing health programmes in which Barrick committed itself to upgrading Sungusungu Health Center into what is now the Nyamongo Hospital in Bulyanhulu.

By doing so, it provided health care that was affordable to local residents to treat diseases such as malaria, typhoid, yellow fever and other epidemiology problems.

Another study by Lahdesmaki and Suutari (2011) in Finland argues that, in the small business context, CSR is produced as a contradictory phenomenon, representing simultaneously a resource and a limitation for business. The results of this study emphasise that the small business owner-manager's perception of the meaning of CSR is seldom straightforward. Still, balancing economic and ethical aspects of business and the relations with the community is not an easy task; it requires challenging compromises between personal and business values. Consequently, the economic and ethical aspects of business are often presented as being mutually exclusive when constructing the meaning(s) for CSR, and the owner-managers consider themselves as being forced to make a choice between being either economic or ethical in their business operations. It also shows that the process of construction of the meaning(s) for CSR is not value-free, but more likely a struggle where businesses and their stakeholders in the community all have their own agendas to promote. These reviews show that the establishment of functional CSR institutions that have been advocated in many countries is necessary to create greater awareness of the potential of CSR to be mutually beneficial to both business and community (Muthuri and Gilbert, 2011).

Despite the proliferation of CSR research, evidence on the relevant dimensions of CSR to the community remains largely unclear. The need for further research on CSR to unravel the intricate relationships between businesses and the communities has been suggested (Margolis and Walsh, 2001; Lee, 2008). For these reasons, the research questions of this study are as follows:

- RQ1.* What are the profiles of the beneficiaries of CSR programmes in Malaysian community development?
- RQ2.* What are the profiles of the selected companies participating in community CSR?
- RQ3.* What is the orientation of CSR responsibilities undertaken by companies based on the CSR pyramid as perceived by the beneficiaries? and
- RQ4.* What are the types of CSR provisions received by the beneficiaries of the programmes?

The objectives of the study would, therefore, focus on answering the research questions as stated above. This study is important to the CSR programme providers and to those who are involved in planning and implementing community development programmes through CSR

Stakeholder theory of CSR

This research adopts the “stakeholder theory”, as it has its roots in complex business–environment relationships (Freeman, 1984 cited in Roberts, 1992, p. 597). The theory describes the nature of the corporation as a legal entity affected by both economic and non-economic players having economic and social obligations (Muthuri, 2008). One of the measures of CSR is the assessment of the socio-economic values of CSR that benefit a community, the other being an individual's obligation to consider the effects of his decision and action on the whole social system, as well as perception of the orientations of CSR (Visser, 2008).

The stakeholder theory sheds light on the reality of engaging a company in socially responsible behaviour. This theory considers that the company is an interconnected web of different interests where the actions of the company and community exist interdependently. It emphasizes the integration of social demands and the right thing to do to achieve a good society (Garriga and Mele, 2004). The relevance of the theory to this study is that the community has the right to receive benefits from the firm in a responsible manner, while the firm is an external organization that is supposed to help develop the community in which it is located.

At this juncture, it would be appropriate to define the term “stakeholder”. There are two types of CSR stakeholders, viz. primary and secondary stakeholders (Clarkson, 1995). The primary stakeholder group is one without whose continuing participation the company cannot survive as a going concern. It comprises shareholders and investors, customers, suppliers, employees, the government and the community. Secondary stakeholder groups are those which are engaged indirectly in transactions with the corporation. Examples are the media and a wide range of special interest groups.

The paper also presents the methodological procedures undertaken in terms of research framework, respondents and data analysis, followed by research findings and discussion. The paper ends with conclusions and recommendations for CSR regarding business and community relations, specifically from the perspective of community development.

Method

Research subject, data collection and analysis

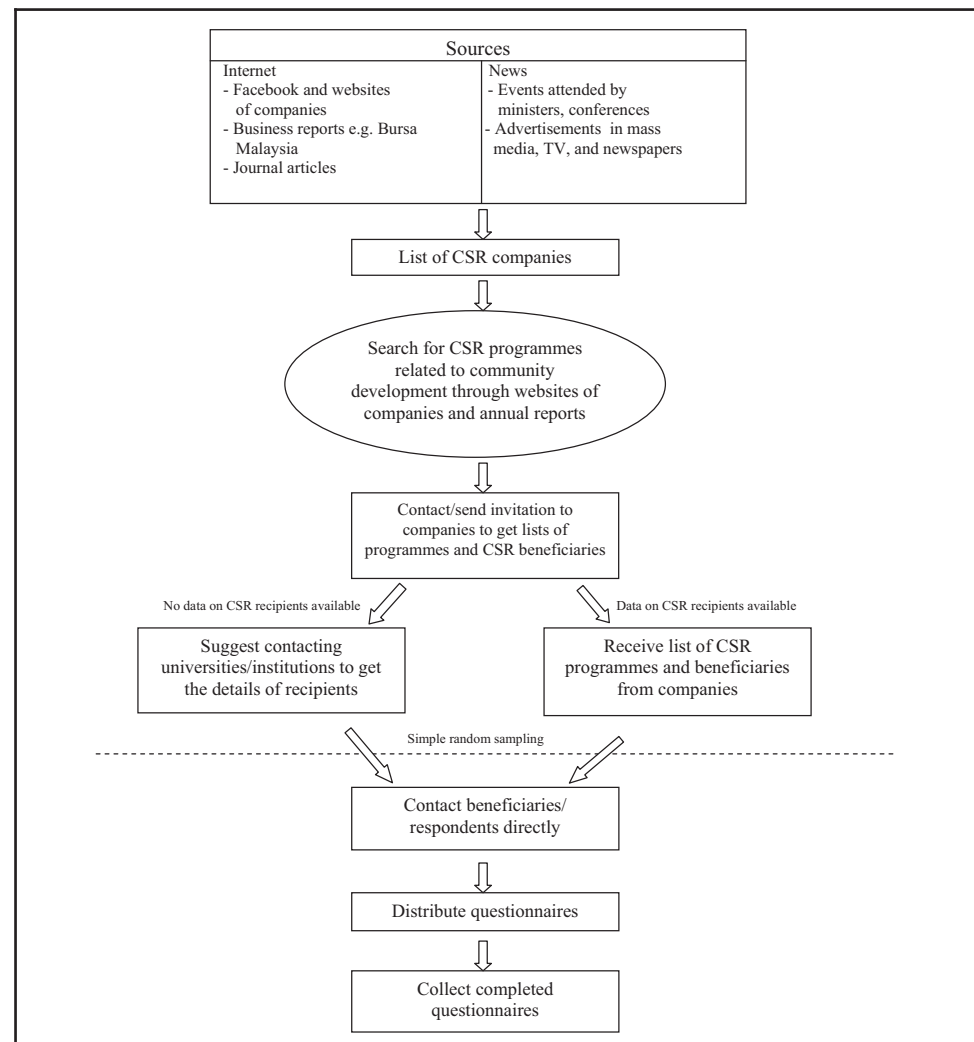
The sample population of this exploratory study comprised randomly selected beneficiaries of CSR programmes in Malaysia. They were secondary school students, university students and members of the public who were identified from September 2010 to October 2011 through various means, such as the companies' websites and annual reports of the CSR activities based on companies listed under Bursa Malaysia, and the mass media, especially television and newspapers, through which a total of 673 names of recipients was obtained. These names represented 58 companies who responded to agree to participate in the study. The sampling frame of the study was set so as to select only those who had

benefitted from at least one aspect of community development as a result of CRS activities in their community. The initial sample size of the study was 385, calculated using [RAOSOFT \(2004\)](#) and [Krejcie and Morgan \(1970\)](#) procedures. It was based on a study population of 2.4 million, with five per cent error in precision and 95 per cent confidence level in which the population strength was used as the target group of the dominant development policy of Malaysia in its effort to eradicate poverty ([Malaysia, 2011](#)).

A simple random sampling technique was used to obtain a sample of the families and individuals involved in CSR programmes in the three dimensions of community development, *viz.* living standard, health and education. The random sampling was done by entering the list of the CSR recipients (673) into IBM SPSS 20.0 software to get the sample size of 385 as indicated earlier.

[Figure 1](#) illustrates the procedures used for the sampling and data collection of this study. Data were obtained through face-to-face interviews and also via email with the respondents at universities and schools. Some respondents were interviewed in community halls with the assistance of village heads of the CSR participating villages. A total of 336 usable questionnaires were received. The survey data were analyzed using descriptive statistics.

Figure 1 Sampling and data collection procedures of this study



Research framework

The questionnaire designed for this study used the Likert-type scale of responses. The respondents were asked to rank their answers to 7-items scale of “1 = absolutely untrue” to “7 = absolutely true”. The questions covered various types of responsibilities that corporations are perceived to be entrusted with, viz. economic, philanthropic, legal and ethical responsibilities. Examples of questions are as follows:

- *Economic responsibility* – “It is important for each company to be committed to being as profitable as possible”.
- *Philanthropic responsibility* – “It is important for each company to assist the arts and cultural activities”.
- *Legal responsibility* – “It is important for each company to be a law-abiding corporate citizen”.
- *Ethical responsibility* – “It is important that good corporate citizenship be defined as doing what is expected morally or ethically”.

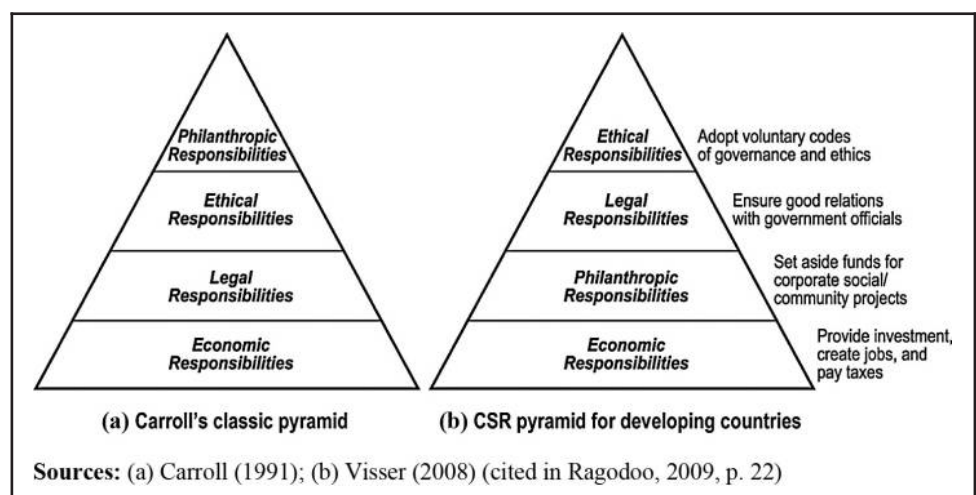
Results and discussion

Orientation on CSR pyramid

We adopted the order of orientation based on the CSR pyramid for developing countries (Visser, 2008), with emphasis on economic responsibilities, followed by philanthropic, legal and ethical responsibilities. Such a model is slightly different from the classic Carroll's (1991) CSR pyramid where perceived responsibilities are ranked as follows: economic, legal, ethical and philanthropic (Figure 2). It can be argued that the order of the CSR orientation in Malaysia is closer to that conceptualised by Visser (2008) than that by Carroll (1991). In both CSR pyramids, economic responsibility is greatly emphasized in all developed and developing countries, as the economy forms the backbone of development in any nation. In Malaysia, business companies specifically are often expected to act as one of the economic enablers in the implementation of the NEM through their participation in CSR programmes (PEMANDU, 2010).

Philanthropic responsibility is the second emphasis in developing countries (Visser, 2008). There are several reasons for this. First, there is a strong indigenous tradition of philanthropy and, in Malaysia, it is the old form of CSR known by the society (Ismail, 2009). In addition, philanthropy is seen as the most direct way to improve the well-being of the communities in which corporations operate their businesses. Third, in the past five

Figure 2 CSR pyramid of Carroll and Visser



decades, many developing countries have become familiar with donor assistance, resulting in an ingrained culture of philanthropy in the community. Furthermore, the term “philanthropy” is almost synonymous with CSR because, generally, developing countries have yet to experience fully the benefits of CSR outside of philanthropy (Visser, 2008).

Legal responsibility is the third emphasis in this pyramid. Many developing countries are behind the developed world in terms of incorporating human rights and other CSR issues into their legislation even though some countries have made significant progress in strengthening the social and environmental aspects of their legislation (Visser, 2008). For instance, in Malaysia, several acts have already been put in place since the 1970s, such as the Environment Quality Act (1974), the Anti-corruption Act (1977) and the Human Rights Commission of Malaysia Act (1999) (Lu and Castka, 2009), which have helped facilitate the implementation of CSR.

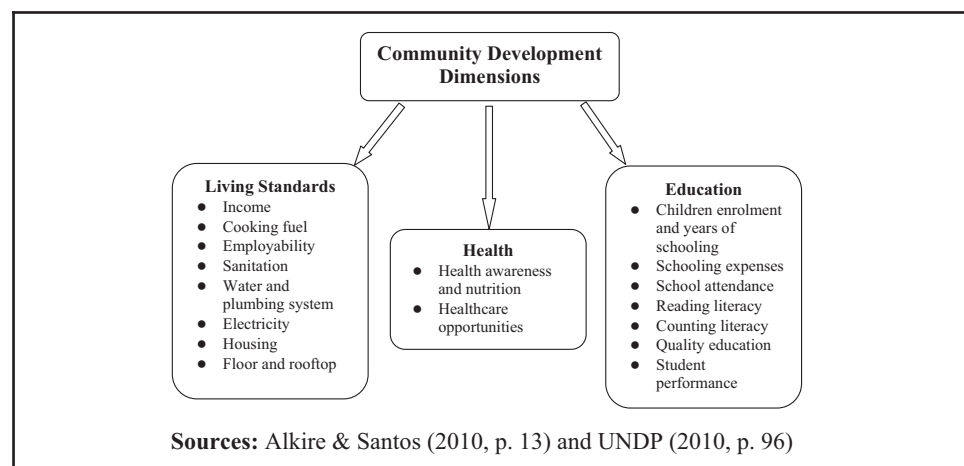
Finally, ethical responsibility relates to activities that are expected or prohibited by society for companies to run their businesses (Carroll, 1991). In developing countries, ethics seems to have the least influence on CSR. Accountability to shareholders and employees, corruption and transparency in terms of tax payment to government are still issues of concern. In contrast, Western countries place much greater emphasis on ethical responsibility in CSR (Visser, 2008).

Community development dimension of CSR

The community development components of CSR represent a broad set of activities that provide support to the local community (Maloni and Brown, 2006). Thus, the operational meaning of community development in this article is the improvement or benefits that community members have experienced in any aspect of living standards, health and education resulting from the help of external organizations. In this study, the external organizations refer to the CSR-participating companies of various types in Malaysia.

Figure 3 depicts the dimensions of community development used in this study. Specifically, the living standard dimension refers to items enjoyed by the individuals through CSR programmes that bring improvement in terms of income, employment, water and sanitation, electricity and house structure. The health dimension refers to nutrition programmes and breast cancer awareness campaigns, as well as provision of health care opportunities for residents in the community. The education dimension covers matters related to students' school enrolment and years of schooling, schooling expenses, scholarship, school attendance, reading literacy, counting literacy, quality education and student performance. One of the main objectives of CSR educational programmes in Malaysia is to improve the

Figure 3 Community development dimensions



adult literacy rate, which was 92.1 per cent for those aged 15 years and above, as of 2008 (UNDP, 2010). In this study, questions on community development and CSR were based on the type and quantity of contributions received by respondents from CSR-participating companies. The questionnaire used in this study is attached in [Appendix](#).

Demographic profiles of respondents

The demographic profiles (Table I) of 336 respondents show that about half of them (50.9 per cent) were in the age category of 21-30 years ($M = 24.39$) and the majority (79.8 per cent) were single. Most (89.3) of the respondents had a monthly income below RM500.00 ($M = 137.17$). All these percentages are in line with the occupation of the respondents as 78.3 per cent of them were students. Most of the student respondents (60.8 per cent) were pursuing their tertiary-level education, while only 39.2 per cent were still at school. The majority (66.1 per cent) of respondents were Malays and a large number (69.3 per cent)

Table I Demographic profiles of the respondents ($n = 336$)

<i>Profile</i>	<i>Frequency</i>	<i>(%)</i>
<i>Age (years) ($M = 24.39$, $SD = 11.16$)</i>		
≤20	110	32.7
21-30	171	50.9
31-40	19	5.7
41-50	21	6.3
≥51	15	4.5
<i>Gender</i>		
Male	103	30.7
Female	233	69.3
<i>Marital status</i>		
Single	268	79.8
Married	59	17.6
Divorced	3	0.9
Widowed	6	1.8
<i>Educational achievement</i>		
UPSR/standard 6	47	14.0
PMR/lower school certificate	45	13.4
SPM/Malaysian certificate of education	40	11.8
Matriculation/A level/high school certificate	92	27.4
Diploma	32	9.5
Bachelor degree	59	17.6
Others	21	6.3
<i>Race</i>		
Malay	222	66.1
Chinese	91	27.1
Indian	17	5.1
Others	6	1.8
<i>Religion</i>		
Islam	223	66.4
Buddhism	78	23.2
Hinduism	16	4.8
Christianity	12	3.6
Atheism	7	2.1
<i>Occupation</i>		
Student	263	78.3
Labourer	11	3.3
Farmer	6	1.8
Others	56	16.7
<i>Income (RM) ($M = 137.17$, $SD = 357.42$)</i>		
≤500	300	89.3
501-1000	20	6.0
1001-1500	16	4.8

were females. A total of 83 per cent of the respondents were aged 30 years and below, and 69 per cent were single females. Only 21.7 per cent of the respondents were individuals from families that received CSR provisions, such as homemakers and farm labourers. Based on the above characteristics and the sampling procedures, the community in this study was quite heterogeneous. The purposeful action of companies through CSR saw social interaction among various parties such as universities, schools, institutions of local leadership and non-government organizations.

Profiles of companies

Table II shows 58 companies from which the respondents of this study were derived. The descriptions of the companies were obtained from their respective websites. The company profile reflects its status, i.e. whether it is local or MNC, PLC or GLC, the nature of its core business and its CSR focus on community development.

Of the total, 15 companies were PLCs, 13 GLCs, 9 were a combination of both and 21 are private limited companies. Two companies pioneered CSR in Malaysia in 1970, one in food manufacturing and the other in the automobile industry. Both companies had responded immediately to the call of poverty eradication and societal restructuring in line with Malaysia's NEP (1971 to 1990).

Only one MNC was found to have embraced CSR in the 1980s. This was probably because there were not many MNCs in Malaysia then, and so the impact of globalization had not yet been felt. There was not much growth in CSR during the 1990s as only four companies initiated programmes for the benefit of the community. The core businesses of these companies were banking, construction, fast foods and information and communications technology.

However, during the first decade of the millennium, 42 out of the 58 sampled companies participated in CSR. This implies a significant increase in the awareness and practice of CSR. During the Eighth and Ninth Malaysia Plans (2001-2010), and after the launching of the NEM in 2010, the increased involvement of private companies, PLCs and GLCs in development policies became more transparent. In addition, the establishment of more MNCs in the country significantly affected the number of companies practicing CSR. This corroborates with the hypothesis of Chapple and Moon (2005) that globalization encourages CSR. Many MNCs from developed countries, such as Japan, the USA and Germany, began to increase their presence in developing countries, including Malaysia.

The local companies and MNCs involved in CSR practices are from diverse core sectors, such as manufacturing, banking, food and fast foods, health care, electrical and electronic products, oil-based products, automobile, plantations, shipping, water and electricity supplies. A study carried out in Cambodia by Schölmerich (2012) found that the core business of companies had a greater effect on poverty alleviation than CSR measures which were outside the core business activities. Core businesses also affect the types of products and services channelled to CSR beneficiaries because production costs are absorbed by the general production of the companies.

In this study, manufacturing was the core business of the highest number of companies (17.2 per cent) contributing to CSR activities which benefitted the community. The manufacturing sector has the largest workforce in Malaysia, with 3.3 million or one-third of the total workforce of 11.6 million (Abdullah, 2011). Moreover, the manufacturing sector accounted for one-third of the GDP and more than 70 per cent of the country's exports in 2010. This explains the high commitment of manufacturing companies in Malaysia to CSR.

The second type of core business of the sampled companies (8.6 per cent) involved in CSR was electrical and electronics (E&E). The E&E sector is an important contributor to Malaysia's economy, accounting for 6 per cent of Malaysia's gross national income, 522,000 jobs and 41 per cent of Malaysia's total exports in 2009 (PEMANDU, 2010). It also plays a major role in the development of the Northern Corridor (semiconductors and

Table II Profiles of companies based on respondents of the study

Core business (no. of companies) (%)	Status ^a (No.)	CSR practices participated by respondents	No. of respondents	
			Breakdown number	Subtotal
Manufacturing (10) (17.2)	Local (8)	Education (internship)	3	17
		Education (scholarship)	14	
Electrical and electronics (5) (8.6)	MNC (2)	Education (internship)	2	2
		Education (internship)	5	12
		Education (schooling aid)	4	
		Education (scholarship)	3	
Banking (5) (8.6)	Local (4)	Living standards (equipment)	4	54
		Living standards (housing)	28	
		Living standards (alms)	3	
		Living standards (business loan)	8	
		Education (internship)	1	
		Education (schooling aid)	1	
		Education (scholarship)	9	
		Education (scholarship)	4	4
		Living standards (equipment)	14	77
		Living standards (business loan)	2	
Tele-communications (4) (6.9)	MNC (1)	Education (internship)	23	
		Education (schooling aid)	4	
		Education (scholarship)	27	
		Education (equipment)	7	
Food and fast foods (4) (6.9)	Local (1)	Education (schooling aid)	1	3
		Education (equipment)	2	
	MNC (3)	Education (schooling aid)	1	4
		Education (scholarship)	1	
Plantations (3) (5.2)	Local (3)	Education (internship)	2	9
		Education (scholarship)	1	
Construction (4) (6.9)	Local (4)	Education (internship)	8	10
		Education (schooling aid)	2	
		Education (scholarship)	1	
Health (3) (5.2)	Local (3)	Education (scholarship)	7	
		Living standards (business loan)	1	37
		Health (training)	31	
		Health (disaster relief)	1	
		Education (internship)	2	
Engineering (3) (5.2)	Local (3)	Education (equipment)	2	3
		Education (internship)	2	
		Education (scholarship)	1	
Automotive (2) (3.4)	MNC (2)	Education (internship)	1	5
		Education (equipment)	3	
		Education (scholarship)	1	
		Living standards (alms)	4	39
Trading (2) (3.4)	Local (2)	Education (schooling aid)	6	
		Education (scholarship)	29	
		Education (internship)	1	1
ICT (2) (3.4)	MNC (1)	Education (schooling aid)	4	22
		Education (equipment)	18	
Petroleum-related production (2) (3.4)	Local (2)	Education (internship)	6	7
		Education (schooling aid)	1	
Water supplier (2) (3.4)	Local (2)	Living standards (housing)	3	15
		Health (disaster relief)	1	
		Education (schooling aid)	4	
		Education (scholarship)	7	
Retailing (1) (1.7)	Local (1)	Education (internship)	1	2
		Education (scholarship)	1	
Electricity supplier (1) (1.7)	Local (1)	Education (internship)	1	4
		Education (schooling aid)	2	
		Education (scholarship)	1	
Credit service (1) (1.7)	MNC (1)	Living standards (alms)	1	1
Shipping company (1) (1.7)	Local (1)	Education (internship)	1	1
Media (1) (1.7)	Local (1)	Education (internship)	1	1
Stock exchange company (1) (1.7)	Local (1)	Education (scholarship)	1	1
Conglomerate (1) (1.7)	Local (1)	Education (internship)	2	5
		Education (schooling aid)	1	
		Education (scholarship)	2	
Total			336	

Notes: ^aBreakdown of companies by PLC, GLC and private limited company status is as follows: PLC = 15; GLC = 13; both PLC and GLC = 9; private limited company = 21

industrial electronics), Klang Valley (sophisticated services), Johor (logistics intensive E&E manufacturing) and Sarawak (developing cluster for silicon substrate manufacturing). This sector, which has a strong foundation in semiconductors and industrial electronics, is gaining importance in the expanding global markets (including Southeast Asian and Middle Eastern countries). Malaysia aims to revitalize its E&E sector to increase her gross national income to RM90 billion by 2020 so as to provide an additional 157,000 jobs (both high skilled and medium skilled), and to further strengthen the four strong regional clusters (Northern Corridor, Klang Valley, Johor and, lastly, Sabah and Sarawak). Hence the E&E sector of Malaysia would see more companies involved in CSR programmes.

Banking was the third core business of the sampled companies (8.6 per cent). The banking sector, a subset of the service sector in Malaysia, comprises commercial banks, investment banks and Islamic banks. It is the primary mobilising agent of funds and the main source of financing in supporting economic activities. As in Mauritius, the banking institution is the main player of CSR responsible for poverty alleviation in the community (Ragodoo, 2009). Finally, plantations, food and fast foods, as well as telecommunications form the other groups which are responsible for CSR in community development.

Although companies in Malaysia have been involved in CSR for more than four decades, it is only after the 1990s, and especially at the present time that CRS has begun to play a more significant role in the NEM (Figure 4). Various institutions, including government and business companies, play a crucial role in determining the impact of CSR on community development and the potential acceleration of the nation's achievement of Vision 2020.

CSR orientations based on the CSR pyramid

The respondents were asked about their understanding of CSR orientations in terms of the CSR pyramid of economic, philanthropic, legal, ethical responsibilities (Visser, 2008). The orientation best perceived by the respondents was legal, followed by philanthropic, economic and ethical responsibilities (Table III). Legal responsibility was ranked the highest, thus implying that the participants strongly believed the companies should adhere strictly to the rules of behaviour considered appropriate by society, specifically by legal standards related to consumer, environmental, market or employment issues. This relates

Figure 4 Number of companies participating in community development CSR in Malaysia, 1970 to 2010 and beyond

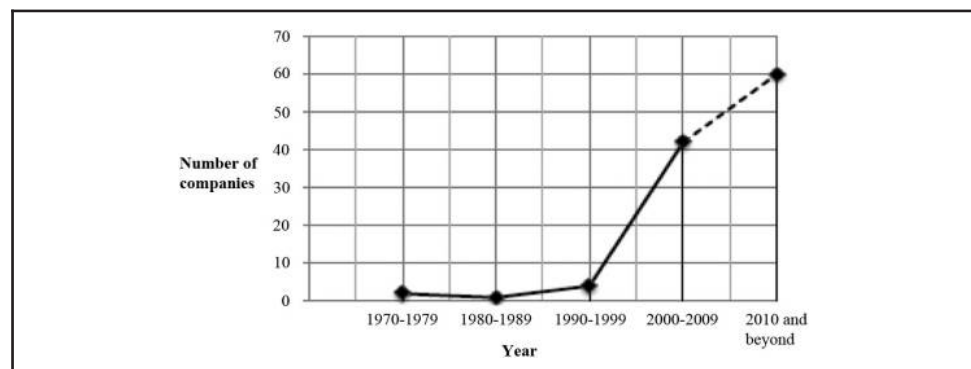


Table III CSR orientations based on the CSR pyramid as perceived by respondents

CSR orientation	Mean	SD
Legal	6.14	0.93
Philanthropic	5.91	0.89
Economic	5.88	0.86
Ethical	5.34	0.94

to the fact that companies do not operate in a closed system but in an open system where the community stakeholders, especially the educated ones, are becoming more aware and conscious of their rights and they expect companies to embrace social responsibilities in response to societal problems

In this study, the majority of the participants were young individuals, with a mean age of 24.40 years. These findings on CSR orientations resonated with the study results of Maignan and Ferrell (2001) which indicated that consumers in the USA and France perceived legal orientation as the most important CSR responsibility, while those in Germany rated it as second in importance. Abdul Rahim *et al.* (2010) found that legal and ethical orientations of Malaysian firms were perceived as the two weakest predictors affecting consumers' behaviour, while economic and philanthropic responsibilities were the strongest predictors. Variations are noticeable in the perception of community expectations of CSR orientations of companies across countries.

In this study, ethical responsibility was perceived to be as the least important, implying that the respondents had yet to understand whether the business conducted by the company was expected to be morally right, just or fair, and how the business, as a whole, could avoid harm to the community. This concurs with Visser's (2008) argument that ethical responsibility is the least emphasized by companies in developing countries. Ethical responsibility is a relatively new aspect of CSR and should be prioritized, compared to the traditional economic and philanthropic responsibilities.

Types of CSR practices on community development

Community development is a common type of CSR practice in Asian countries, including Malaysia (Chapple and Moon, 2005). The empirical evidence used in this study were based on the types of CSR practices that benefitted the recipients of CSR programmes in community development. Table IV shows that 235 (70.0 per cent) respondents (66 male and 169 female) enjoyed CSR practices in education-related matters. The item ranked the highest in terms of benefit was scholarship, followed by internship of university students in the relevant companies, provision of schooling facilities such as books, bags and school uniforms for secondary school participants and computer facilities for both groups of students. This group of respondents had an average monthly income of RM57.32 or USD18.37. This is acceptable considering most of the respondents are students, and their source of income was pocket money or monthly allowance.

Table IV Types of CSR practices based on CD components and frequency ($n = 336$)

CD dimension	Type of CSR practice based on CD dimension	Frequency			Average monthly income (RM*)	Overall %
		Male	Female	(%)		
Living standards	Equipment/tools (e.g. sewing machines and water pumps)	7	11	26.5	330.59 (SD = 459.44)	5.4
	House re-construction	8	23	45.6		9.1
	Alms	5	3	11.8		2.4
	Business loan assistance	3	8	16.1		3.3
	Subtotal	23	45	100.0		20.2
Health	Health-care programme (e.g. breast cancer awareness and fitness programmes)	14	17	93.9	307.27 (SD = 602.59)	9.2
	Disaster relief (e.g. medication)	–	2	6.1		0.6
	Subtotal	14	19	100.0		9.8
Education	Internship	10	47	24.3	57.32 (SD = 226.79)	17.0
	Schooling aid (e.g. school uniforms and shoes)	10	20	12.8		8.6
	Scholarship	36	82	50.2		35.4
	Equipment/tools for education (e.g. computer)	10	20	12.8		8.9
	Subtotal	66	169	100		70.0
Total		336				100

Note: *1RM = USD0.3205

The second most beneficial type of CSR practice enjoyed by the participants was the initiative to improve their living standards. A total of 68 (20.2 per cent) participants (23 male and 45 female) benefitted from the programmes carried out, such as repairs or re-construction of houses, provision of small farming equipment such as water pumps, income-generating tools such as sewing machines, business loan assistance given to micro-entrepreneurs to start businesses in rural areas and food or monetary donations. This group of respondents had an average monthly income of RM330.59 or USD105.93.

The final type of CSR practice enjoyed by the participants was health-related activities, with 9.8 per cent of the participants (14 male and 19 female) being beneficiaries. Two important examples of health-related activities were training programmes and disaster relief efforts. A total of 31 (9.2 per cent) participants were specifically involved in training sessions on breast cancer awareness and body fitness, while two, who had been flood victims, received medicines. This group of respondents had an average monthly income of RM307.27 or USD98.46.

Conclusion

This paper presents some empirically verified findings of the benefits enjoyed by the community due to CRS activities of selected companies in Malaysia. The conclusions of this study are as follows:

- There are many types of CSR programmes, with the education-related initiative being the most dominant. This is not surprising, as the majority of the CSR beneficiaries comprised the younger members of the community, and were either studying in schools or at tertiary educational institutions. CSR-participating companies are aware of the need to complement the government's efforts to raise adult literacy close to 100 per cent from the present 92 per cent, and also to meet the goal of having at least 40 per cent of the population with tertiary education by 2020. The education-related initiative also includes training and informal education in health-related matters, such as breast cancer awareness and rehabilitation of flood victims in the community.
- CSR in Malaysia is a relatively recent development. Many local corporations and MNCs have been involved in CSR since the first decade of the millennium, coinciding with the establishment of institutional structures such as Bursa Malaysia, the Silver Book and The Prime Minister's CSR Awards. Also in line with the initiatives undertaken by the Malaysian Government to re-energize the private sector, GLCs, PLCs and MNCs work together with various ministries for socio-economic development, as well as to realize the objectives of NEM, viz. achieving high income, inclusiveness and sustainability. The escalation of CSR is further hastened by the influence of CSR waves, the spread of MNCs from other Asian and Western countries and The Global Compact Network Malaysia (GCNM).
- Legal responsibility has been ranked the highest by the participating CSR beneficiaries in this study. Companies are expected to adhere to relevant laws and regulations that have been in place in the country such as Environment Quality Act (1974), the Anti-corruption Act (1977) and the Human Rights Commission of Malaysia Act (1999). This implies that the participants of this study had a positive attitude towards companies which abide by the rules and regulations of CSR.
- The CSR pyramid used in this study was found to be quite close to the typical CSR pyramid for the developing countries with similar positions for philanthropic and ethical responsibilities. This shows that CSR is almost equated with philanthropy due to long-established functions of business companies in Malaysia in receiving donations from international corporations. To create greater awareness of the importance of ethical responsibility, Malaysia has to seriously restructure relevant institutions so as to educate the public and business companies on the importance of accountability to shareholders, transparency in tax payment, as well as the ills of corruption. Companies

should also take into account the expectations of the community on CSR matters, including the rules and regulations they should abide by.

- Through CSR programmes, communities are seen as more than just a market for business corporations. When CSR adopts the definition of community development in which corporations are external to the community, their programmes are aimed at empowering community members. This study contributes to the reality of stakeholder theory of CSR based on the definition of community development in Malaysia.
- This study provides empirical findings that can be used as inputs when planning sustainable community development, and for companies undertaking the responsibility of community development. The profiles of both CSR-participating companies and the targeted beneficiaries are useful for planning future CSR programmes.

Recommendations for future research

First, it would be useful to carry out studies on the patterns of partnership among business corporations including GLCs and MNCs, as well as the types of local adaptations. As CSR is a multi-pronged approach, MNCs, which have global missions and visions, have to adapt to local socio-cultural conditions to ensure that their CSR initiatives are well-accepted by the local communities. Companies carrying out CSR programmes should be mindful that their businesses must abide by the local laws and they have to act responsibly as agents of community development in the country. In this regard, it is encouraging that legal responsibility was ranked highest by the respondents in this study.

Second, CSR activities have so far been in the form of “top-down” in planning and implementation (the fact that the participants are the “beneficiaries” of the programme), but future research could explore the possibility of adopting both “top-down” and “bottom-up” forms of planning to ensure that the programmes are more participatory and sustainable in the long run. In addition, future studies could examine the challenges that persist both for the communities in question and for the corporations themselves, and the implications for the process and outcomes of CSR.

Third, evaluative studies may be conducted on CSR programmes, CSR providers and participants of the community periodically to identify their strengths and weaknesses. Another aim of the evaluation is to compare the size of the individual company's donation to the community development project. Such findings could serve as guidelines for more effective programmes.

Fourth, in the context of community development, a CSR manager is the middle person linking the corporation and the community. Hence, it is important to examine whether the manager has the requisite skills, competence and work commitment in the various stages of CSR implementation. The purpose is to ensure a smooth running of CSR programme in the community because CSR takes time and requires a two-way communication between the provider and the community. A qualified CSR manager is also required to monitor and evaluate CSR performance for sustainable community development.

Finally, it would be useful to carry out a similar study in other developing countries in Asia or developed countries in Europe and the USA. The results of these studies are useful for comparison purposes in terms of theories and practices of CSR in community development.

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Further reading

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Figure A1

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATUS AND IMPACT ON COMMUNITY DEVELOPMENT – The Questionnaire

SECTION A: CSR COMPONENTS

This section is divided into four parts. Each part contains FIVE items on your perspective towards CSR practices. Please **circle** the most appropriate answer based on the following scales.

Absolutely untrue

Absolutely true

1 2 3 4 5 6 7

PART I: ECONOMIC RESPONSIBILITY

1. It is important for each company to perform in a manner consistent with maximizing its profits.	1	2	3	4	5	6	7
2. It is important for each company to be committed to being as profitable as possible.	1	2	3	4	5	6	7
3. It is important for each company to maintain a strong competitive position.	1	2	3	4	5	6	7
4. It is important for each company to maintain a high level of operating efficiency.	1	2	3	4	5	6	7
5. It is important that a successful firm be defined as one that is consistently profitable.	1	2	3	4	5	6	7

PART II: LEGAL RESPONSIBILITY

6. It is important for each company to perform in a manner consistent with expectations of government and law.	1	2	3	4	5	6	7
7. It is important for each company to comply with various federal, state, and local regulations.	1	2	3	4	5	6	7
8. It is important for each company to be a law-abiding corporate citizen.	1	2	3	4	5	6	7
9. It is important that a successful firm be defined as one that fulfils its legal obligations.	1	2	3	4	5	6	7
10. It is important for each company to provide goods and services that at least meet minimal legal requirements.	1	2	3	4	5	6	7

PART III: ETHICAL RESPONSIBILITY

11. It is important for each company to perform in a manner consistent with expectations of societal mores and ethical norms.	1	2	3	4	5	6	7
12. It is important for each company to recognize and respect new or evolving ethical/moral norms adopted by society.	1	2	3	4	5	6	7
13. It is important for each company to prevent ethical norms from being compromised in order to achieve corporate goals.	1	2	3	4	5	6	7
14. It is important that good corporate citizenship be defined as doing what is expected morally or ethically.	1	2	3	4	5	6	7
15. It is important to recognize that corporate integrity and ethical behaviour go beyond mere compliance with laws and regulations.	1	2	3	4	5	6	7

(continued)

Figure A1

PART IV: PHILANTHROPIC RESPONSIBILITY

16. It is important for each company to perform in a manner consistent with the philanthropic and charitable expectations of society.	1	2	3	4	5	6	7
17. It is important for each company to assist the arts and cultural activities.	1	2	3	4	5	6	7
18. It is important that managers and employees to participate in voluntary and charitable activities within their local communities.	1	2	3	4	5	6	7
19. It is important for each company to provide assistance to private and public educational institutions.	1	2	3	4	5	6	7
20. It is important for each company to assist voluntarily those projects that enhance a community's "quality of life".	1	2	3	4	5	6	7

SECTION B: COMMUNITY DEVELOPMENT

This section is divided into three parts based on the three community development components: e.g., Living Standards, Health, and Education. Each part contains items on your perspective towards CSR practices on community development. Please **circle** the most appropriate answer based on the following scale.

Absolutely untrue**Absolutely true**

1 2 3 4 5 6 7

The assistance provided by the company refers to any type of provision given by a company in terms of money, daily goods, training program etc. As an example is the programme of 'Bersamamu' by TV3 and in collaboration with Syarikat Beras Faiza.

PART I: LIVING STANDARDS

21. The assistance provided by the company increases individual income.	1	2	3	4	5	6	7
22. The assistance provided by the company has reduced burden borne.	1	2	3	4	5	6	7
23. The assistance provided by the company increased employability.	1	2	3	4	5	6	7
24. The assistance provided by the company make better cooking fuel stove accessible.	1	2	3	4	5	6	7
25. The assistance provided by the company reduced the cost of toilet construction.	1	2	3	4	5	6	7
26. The assistance provided by the company allows home is equipped with water pipes.	1	2	3	4	5	6	7
27. The company helps to make clean water services accessible.	1	2	3	4	5	6	7
28. The assistance provided by the company improves home plumbing system.	1	2	3	4	5	6	7
29. The assistance provided by the company solves the problem of electricity supply.	1	2	3	4	5	6	7
30. The assistance provided by the company helps to improve housing conditions.	1	2	3	4	5	6	7
31. The assistance provided by the company allows floor structure being improved.	1	2	3	4	5	6	7
32. The assistance provided by the company allows roof structure being improved.	1	2	3	4	5	6	7

(continued)

Figure A1

33. The assistance provided by the company allows us to have:							
i. House	1	2	3	4	5	6	7
ii. Car	1	2	3	4	5	6	7
iii. Motorcycle	1	2	3	4	5	6	7
iv. Bicycle	1	2	3	4	5	6	7
v. Land	1	2	3	4	5	6	7
vi. Handphone	1	2	3	4	5	6	7
vii. Others: _____ (Please specify)	1	2	3	4	5	6	7

PART II: HEALTH

34. The assistance provided by the company increased community awareness towards healthy lifestyle.	1	2	3	4	5	6	7
35. The assistance provided by the company enables the community to get better nutrition services from experts.	1	2	3	4	5	6	7
36. The assistance provided by the company increased people awareness about the importance of hygiene.	1	2	3	4	5	6	7
37. The assistance provided by the company increases awareness among people about the importance of a balanced diet.	1	2	3	4	5	6	7
38. The assistance provided by the company provides people with the opportunities to get better medical treatment services.	1	2	3	4	5	6	7
39. The assistance provided by the company provides opportunities for people to get better health care services.	1	2	3	4	5	6	7
40. The assistance provided by the company facilitates community to receive medical treatment at the clinic.	1	2	3	4	5	6	7

PART III: EDUCATION

41. The assistance provided by the company provides an opportunity for children to complete education at least at standard 6.	1	2	3	4	5	6	7
42. The assistance provided by the companies help to reduce the cost of buying books and stationeries.	1	2	3	4	5	6	7
43. The assistance provided by the company help to ease the burden of school fees.	1	2	3	4	5	6	7
44. The assistance provided by the company help to reduce the cost of school uniforms.	1	2	3	4	5	6	7
45. The assistance provided by the company increases students' passion to school.	1	2	3	4	5	6	7
46. The assistance provided by the company decreases school absenteeism problem.	1	2	3	4	5	6	7
47. The assistance provided by the company relatively has no influence on school attendance.	1	2	3	4	5	6	7

(continued)

Figure A1

48. The assistance provided by the company improves students' reading literacy.	1	2	3	4	5	6	7
49. The assistance provided by the company improves students' counting literacy.	1	2	3	4	5	6	7
50. The assistance provided by the company helps students get better education.	1	2	3	4	5	6	7
51. The assistance provided by the company does not have any consequences on student performance.	1	2	3	4	5	6	7
52. The assistance provided by the company encourages student to excel in education.	1	2	3	4	5	6	7

SECTION C: SOCIO-DEMOGRAPHIC PROFILES

This section contains items about your socio-demographic profile. Please answer **all** questions accordingly. Please choose only **ONE** answer for each question.

1. Age _____ Years
2. Gender
 - ☐ Male
 - ☐ Female
3. Marital status
 - ☐ Single
 - ☐ Married
 - ☐ Divorced
 - ☐ Widowed
4. Highest level of education
 - ☐ UPSR
 - ☐ PMR
 - ☐ SPM
 - ☐ Matriculation/A level/STPM
 - ☐ Diploma
 - ☐ Bachelor
 - ☐ Others _____ (Please specify)
5. Race
 - ☐ Malay
 - ☐ Chinese
 - ☐ Indian
 - ☐ Others: _____ (Please specify)
6. Religion
 - ☐ Islam
 - ☐ Buddhist
 - ☐ Hindu
 - ☐ Christian
 - ☐ None
 - ☐ Others: _____ (Please specify)
7. Occupation
 - ☐ Student
 - ☐ Labour workers
 - ☐ Farmer
 - ☐ Fisherman
 - ☐ Others: _____ (Please specify)
8. Monthly income level
RM _____ (Please specify)

* Students can ignore this item.

(continued)

Figure A1

<p>9. From whom did you receive assistance? _____ (Please specify)</p>	<p>10. Type of assistance received:</p> <ul style="list-style-type: none"><input type="checkbox"/> Natural disaster<input type="checkbox"/> Schooling<input type="checkbox"/> Subsistence<input type="checkbox"/> Training programme<input type="checkbox"/> Equipment<input type="checkbox"/> Business loan<input type="checkbox"/> Housing<input type="checkbox"/> Low rate telephone call<input type="checkbox"/> Others: _____ (Please specify)
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