CORPORATE SOCIAL RESPONSIBILITY IN GOVERNMENT-LINKED COMPANIES (GLCS) MALAYSIA: THE INFLUENCE OF THE SILVER BOOK

Submitted by

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GLOSSARY AND LIST OF ABBREVIATIONS

ACCA	Association of Certified Chartered Accountants
CBA	Cost Benefit Analysis
CR	Corporate Responsibility
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
EU	European Union
EUETS	European Union Emission Trading Scheme
FDI	Foreign Direct Investment
GLCs	Government-Linked Companies
GLIC	Government-Linked Investment Companies
GLCTP	GLC Transformation Programme
GRI	Global Reporting Index
ICRM	Institute of Corporate Social Responsibility Malaysia
IO	Institutional Ownership
IIM	Malaysia Institute of Integrity
ILO	International Labour Organisation
MNCs	Multi-national Corporations
NDP	National Development Policy
NEI	Net Economic Impact
NEP	New Economic Policy
NGOs	Non-Governmental Organisations
OECD	Organisation for Economic Cooperation Development
*PMU	Prime Minister Unit
PCG	The Putrajaya Committee GLC
SMEs	Small-Medium Enterprises
*TMO	The Management Office
UN	United Nation
UNGC	United Nation Global Compact
WBCSD	World Business Council of Sustainable Development

ABSTRACT

Corporate Social Responsibility (CSR) encompasses a wide range of terms and the concern varies from business to business. Early ideas in CSR literature suggested that the value of CSR to business was low impact; however, this has been challenged by new ideas of research and practice. CSR covers a wide array of areas including ethnicity, environmental excellence, human rights and other issues that organisations must integrate into their core business.

In Malaysia, the Government has introduced the Silver Book (CSR standards) as part of its Transformation Programme (ensuring the advancement of Malaysia's development) for Government-Linked Companies (GLCs). The Silver Book is a set of principles and guidelines describing how GLCs can contribute and become responsible citizens, creating value for their businesses and society. The objective is to promote corporate best practices and provide guidelines for companies to incorporate corporate responsibility as an integral part of their corporate strategy and core business. This study examines the role of the Silver Book in influencing CSR practice in GLCs and; analyses the level of implementation, incentives and obstacles to CSR compliance among GLCs. The thesis examines if the practice of CSR in GLCs has become more strategic with the introduction of the Silver Book.

Noting that the CSR field presents varied approaches and theoretical perspectives, this research has adopted the guidelines from the Silver Book as well as main stream CSR theoretical frameworks to examine the level of implementation or adoption of these new guidelines. These guidelines will form a framework for this research. The method used, which is individual purposive interviews were conducted with senior management employees of ten GLCs from the G20 group. Individual interviews with the monitoring body (Khazanah Nasional Berhad), which acted on behalf of the government in monitoring the GLC Transformation Programme were also conducted.

The findings suggest the GLCs have a common stand that the Silver Book is just a guideline, but it is a suitable guide, which has expanded their knowledge and understanding on CSR (CSR is not grounded to the philanthropic context), and made their CSR focused, more structured and more transparent (in reporting their CSR contributions and programmes). They also accepted the role of the Silver Book in improving their approach towards social

contributions and seemed committed to it. However, most participants did not subscribe to every single guideline. The Silver Book has very detailed tools and steps but in actual practice, GLCs have adjusted and adapted the guidelines to their organisational context and needs. Almost all interviewed GLCs agree that their CSR practices have somehow improved and most importantly with the use of the Silver Book. The Silver Book has influenced how senior management view the role of CSR in business. The findings suggest that CSR practices may not be perfect at the moment; however, the Silver Book has had a significant impact on current CSR implementation among the interviewed GLCs. These results have implications for GLCs, Khazanah, and the Malaysian Government on the issues around strengthening public policy, integrating business and CSR, and improving CSR performance.

STATEMENT OF AUTHORSHIP

Except where reference is made in the text of the thesis, this thesis contains no material published elsewhere or extracted in whole or in part from a thesis for any other degree or diploma. No other person's work has been used without due acknowledgment in the main text of the thesis. This thesis has not been submitted for the award of any degree or diploma in any other tertiary institution.

ASSISTANCE WITH ENGLISH EXPRESSION

Since English is not my first language, I have received assistance with English expression from several people.

Tuan Nooriani Tuan Ismail
Date: 26 October 2012

Chapter One   Introduction

1.0   Introduction to the Study

This thesis examines Corporate Social Responsibility (CSR) practices in Government-Linked Companies (GLCs) in Malaysia, in conjunction with the Silver Book. The Silver Book is a standard and guideline that articulates how GLCs can clarify social obligation and achieve value through social responsibility. GLCs are defined as companies that have a primary commercial objective and in which the Malaysian Government has a direct controlling stake. GLCs are acknowledged as the engine of economic growth in Malaysia, and have supported the growth and development of Malaysia since their inception (Badawi, 2005). CSR has become a major focus for many governments globally and is said to contribute towards decisions on international trade (Lu and Castka, 2009), which could be one of the reasons why the Malaysian Government is focusing on CSR. According to Lu and Castka (2009), many companies in Malaysia (for example, GLCs) have practised CSR for a considerable length of time, while others have just begun to embrace it. The involvement of GLCs, such as contributing to tsunami victims, earthquake victims, building houses for the underprivileged, newspaper sponsorship for school children to increase literacy, sponsorship for sports, and many other modest contributions, is common practice in Malaysia. However, the question is whether they are giving enough directly or indirectly to the society or communities supporting their business.

In the 1990s, there were several widely known issues affecting certain GLCs, such as frail management, inefficiency, huge debt, low profitability and complacency, which tarnished their image. The situation became worse with the Asian financial crisis in 1997/1998, which affected the performance of GLCs (considerably for certain GLCs) and the country's economic development. Without prompt action, Malaysia will not be able to achieve its Vision 2020 to become a developed country. Thus, the Government of Malaysia, as one of the major shareholders in the GLCs, decided that vital action was needed.

The year 2000 onwards saw a series of discussions among the important government administrators concerning improving the image of GLCs and transforming them into high-performing organisations. Under the administration of the previous Prime Minister, Tun Abdullah Badawi, the GLC Transformation (GLCT) was launched in 2005, with the aim of advancing Malaysia's development. Under GLCT, ten initiatives were introduced, one of which (initiative number five) emphasises the 'contributions to society policy'. This initiative is outlined in the Silver Book plans, which is a set of guidelines that articulate how GLCs can proactively contribute to society and manage social obligations efficiently and effectively while providing value to their shareholders. This study will examine and investigate the GLCs' compliance with the Silver Book with respect to their CSR practices.

1.1 Corporate Social Responsibility Overview

This section provides an overview of Corporate Social Responsibility. The concept of CSR has received significant attention (Carroll, 1999) in relation to whether firms should engage in CSR (Porter and Kramer, 2002) since its concept has been deemed impractical by some commentators (Freeman and Liedtka,1991). The root of the concept emerged in the early twentieth-century and the three phases of this emergence have been acknowledged as profit maximisation, trusteeship management and the quality of life management, which has been the main concern in recent times. Murphy (1978) classified four CSR eras philanthropy, awareness, issue and responsiveness. The last era, which was responsiveness (from 1974 to 1978), saw management begin to seriously address CSR. Carroll (1979) viewed the 1950s as a formal concern for CSR and Howard R. Bowen's book on Social Responsibilities of the Businessman (1953: 6) initiated the modern literature on CSR. Bowen defined social responsibility (at this period CSR was often referred to as social responsibility) as follows '...*obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society'*.

However, many definitions of CSR have been derived over the years, which have not only diversified the concept but have also extended to a disagreement or lack of

consensus concerning what should be the ideal definition of CSR. The World Business Council for Sustainable Development (WBCSD, 2001:3) defined CSR as 'the commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large'. The definition portrays CSR as covering both ethical based behaviour as well as organisational benefit based behaviour (McAdam and Leonard, 2003). This definition also portrays business as having a role in assisting the Government in developing the country and the society, as the Government alone cannot fulfil all the demands for better living conditions as it exceeds their capabilities. The terminology has also shifted from social responsibility to CSR.

The term philanthropy has become a battle of labels with different stakeholders viewing the meaning and concept differently, such as society and business, stakeholder management, issues management, corporate accountability, corporate social performance, and corporate responsibility, together with new terms added to the list, such as corporate citizenship and corporate sustainability (Garriga and Mele 2004). Votaw (1972: 25) wrote that, 'corporate social responsibility means something but not always the same thing to everybody'. This does not just refer to the labels, as significant theories, approaches, models or frameworks and guidelines related to CSR also exist. The issue of which suitable concept should be adopted in implementing CSR remains debatable. According to Carroll (1994) the map of CSR is filled with loose boundaries and is unfocussed. Perhaps this was due to too many ideas being evaluated and each study feeling their judgement made a better contribution than the others. Since identifying a strong definitional construct remains an issue, this research will provide a solid foundation for the CSR concept.

Although CSR is an interesting concept, it is often marginalised, discredited or simply overlooked by organisations (Crane, McWilliams, Matten, Moon, and Siegel, 2008). Furthermore, there is no specific law or regulation mandated for CSR, which indicates that CSR works on a voluntary basis. The question is whether organisations need such guidelines, standards or policies in exercising their social contributions, or whether CSR should be voluntary. In addition, Mattila (2009) commented that

philanthropic responsibilities are only desired by organisations and not required, and this implies that it is less important than legal, ethical, and economic aspects. Mohamed Zain (2009) argues that CSR should be voluntary and not compulsory, because, when it is compulsory, it means that organisations are forced to participate, which deviates from the concept of good intention. Thus, the merit behind the organisations' contribution is not genuine. It is different in the US scenario as there is a stronger mandate for businesses to be actively involved in community affairs.

The situation in Malaysia is gradually improving, and there are signs of change concerning the understanding and involvement in social contributions among the business people or organisations, as the Government is strongly participating in CSR. In fact, several elements of CSR have been incorporated in Malaysian legislation (Lu and Castka, 2009), for example, the Environmental Quality Act (1974), the Anti Corruption Act (1977), and the Human Rights Commission of Malaysia Act (1999). Looking at this situation shows that the focus on CSR is growing (McAdam and Leonard, 2003). In Malaysia, Bursa Malaysia (The Malaysian Stock Exchange) launched the CSR Framework for Public Limited Companies and the Government launched the Silver Book for Government Linked Companies (GLCs) in 2006. Although the state of CSR in Malaysia is considered to be in its infancy, it is gaining momentum. The key question is whether GLCs are able to comply with the new guidelines and simultaneously increase their commitment to implement CSR.

The context of this research is that although many research studies on CSR have been conducted focusing on various topics, only a relatively small focus has been placed on the influence of CSR guidelines, which some refer to as a soft government regulation. Although the guidelines might be comprehensive, if they are not put into practice, unfavourable justifications could be made with respect to the effectiveness and impact of the guidelines. As CSR is based on voluntary action, the concept of CSR has been interpreted in varying ways and has received multiple responses. For example, corporate philanthropy in the US declined by 14.5% in 2001 (Porter and Kramer, 2002). Furthermore, many criticise the firms and demand higher levels of CSR, with investors applying pressure to maximise profits. In Malaysia, the situation

faced by GLCs in 1997 and 1998 was quite challenging as the Asian Financial Crisis had significantly impacted on the structure of the Malaysian economy. GLCs, and their controlling shareholders, which constitute a significant part of the economic structure of Malaysia, are considered to be the engine of economic growth for this country.

GLCs make up about 36% of the market capitalisation of Bursa Malaysia, accounting for around 5% of national output and employing some 400,000 people (Badawi, 2005). As at July 2006, GLCs accounted for approximately RM260 billion in market capitalisation (Silver Book, 2006). The figures show that GLCs have a huge responsibility for the country's progress. In addition, GLCs also play an important role as the main service providers, executing government policies, building capabilities and knowledge and also building international economic linkages through foreign investment. However, the economic crisis affected the growth of the GLCs. Due to this, and other important reasons, such as globalisation, Badawi's administration undertook the GLC Transformation Programme in the context of the significant impact of GLCs on the economy. Under the Transformation Programme ten initiatives were introduced and the Silver Book (which is associated with CSR and social obligations) is initiative number five. This research aims to examine the extent of commitment and implementation of the Silver Book among the selected GLCs in Malaysia based upon the adapted Wood's (1991) Corporate Social Performance (CSP) Model. It is also important to analyse whether the Silver Book guidelines contain the best practices of CSR, and how they differ from other existing guidelines or frameworks. The evaluation of results will show the actual level of acceptance of the new guideline and its quality in providing a clear road map for CSR.

1.2 Research Problem

1. The influence of the Silver Book on CSR

The central problem this thesis seeks to address is the manner in which GLCs comply with the Silver Book in their CSR activities. The Silver Book, which was introduced by the Malaysian Government in September 2006, is the key to clarify the CSR commitment of GLCs. It can also be considered as a blueprint or a guideline for CSR

implementation among GLCs (and non-GLCs). The Government introduced the Silver Book as a key initiative, as they believed that the private sector must lead the way. The guideline outlines the principles and details of the structure for GLCs to create value through social responsibility as an integral part of their corporate strategy and core business. However, notwithstanding that the possibility of accepting the new guideline may be a challenge together with the existence of several international guidelines that articulate CSR rules, GLCs must have their own guidelines. Although the Silver Book is a comprehensive guideline, which is designed to suit the Malaysian culture and condition, if it is not put into practice, it will be ineffectual. Failure to interpret or define the government's intention, which is embedded in the Silver Book, will partly impact the realisation of Vision 2020. Thus, how the Silver Book is being implemented demonstrates the acceptance level of this new policy.

CSR is not a new phenomenon for GLCs in Malaysia, and most GLCs have a history of involvement in various types of internal and external social contributions. Internal social contributions relate to employee welfare, safety and future development, while external social contributions include making donations and supporting education. This indicates that although GLCs have contributed to society, there has been no standardisation of its implementation (Badawi, 2005). An analysis of the Silver Book demonstrates that solid steps towards enhancing the CSR activities have been clearly outlined in a very detailed manner. With the principles of the Silver Book covering the priorities of shareholders to society, this study would like to analyse whether this initiative will help to further clarify the standards of the practice of social obligations by GLCs and their level of implementation.

2. Understanding the Silver Book

Although CSR works on a voluntary basis, growing concern around this concept has led to the emergence of several related CSR guidelines. However, CSR has been criticised by some scholars who raise the issue of whether CSR needs guidelines. Maxfield (2008) suggested that organisations should use the same framework for their core business strategy and CSR implementation, as he believes this will create a competitive advantage for the organisation, however, there is no evidence to support

these claims. Porter and Kramer (2002) also viewed that if organisations align their social and economic goals, it will improve their competitive context in the long-term as both are integrally connected. Though it is difficult to develop valid measurement tools, Porter and Kramer (2002) clearly explained that organisations at present have to adopt a more strategic philanthropy. This statement has to be taken seriously as CSR has received criticism from the outset pertaining to whether organisations are doing it for their own corporate good (Sharp and Zaidman, 2010). This is also one of the reasons why the Malaysian Government included CSR as one of the ten initiatives in the GLC Transformation Programme. Since the Silver Book addresses the 'road map to CSR and social obligations' precisely, it is interesting to analyse whether GLCs do have the same interpretation of the Silver Book and use this guideline for their CSR implementation strategy.

3. Extent of implementation, motivations and obstacles

Various analysts suggest that firms have not learned to measure their social contributions, such as Aupperle, Carroll and Hatfield (1985: 446), who proposed that 'assessing profitability is a relatively clear-cut process but assessing social responsibility is not'. In the current situation with so much publicity around CSR, it is vital for organisations to adopt a guideline that provides a clear tool and measure for social contributions. Through the Putrajaya Committee GLC (PCG), the Malaysian Government has identified clear transformation standards and guidelines for the social activities of GLCs (Transformation Programme Manual, 2005). However, as Badawi (2005) has said about making and sustaining change at GLCs will not be an easy tasks, the issue of how effective the standards and guidelines (the Silver Book) are will be evaluated throughout this research. The effectiveness of the implementation will be measured through the practice of CSR being beyond just philanthropic activities. The CSR literature clearly identifies various motivations, such as involvement of leadership and obstacles faced by firms in implementing CSR, such as stakeholder pressure for consistent profits. Ackerman (1975) argued that although organisations should adapt and change towards community accountability, their profit orientation basis inhibits social responsiveness. This research will investigate the real-life experience, and identify motivations or internal drivers for

CSR, as well as specific obstacles and constraints for GLCs. Although the 'manual', which is the Silver Book, sets out all the standards and guidelines, it is important to understand the reality of its acceptance.

The purpose of this research is to gain some insight into CSR standards of practice after the Government's involvement in GLCs in Malaysia. The research investigates the implementation of the new CSR guidelines from the Silver Book, which is specifically designed as part of the GLCs Transformation Programme. Although insufficient research has been conducted in this area, it is hoped that the results will establish some clear marks in CSR concepts, theories and relevancies to business, and provide new developments in CSR theory. The following research questions were identified based on the above research problems.

1.3 Research Questions

This study has one principal research question and four sub-questions, which were identified based on the research problems.

Principal question:

In what ways does the Silver Book impact on the CSR activities of Malaysian GLCs?

The sub-questions are:

1. What is the motivation for a GLC to adopt CSR?
2. How is the CSR process implemented in GLCs?
3. What are the challenges in adopting CSR practices using the Silver Book?
4. What are the perceptions of the managers in GLCs concerning the outcomes of current CSR activities?

1.4 Theoretical Approach

Numerous theories and frameworks have been identified, which have commonly been applied by previous research studies of CSR; for example, Agency Theory (Friedman, 1970), Stakeholder Theory (Donaldson and Preston, 1995; Freeman, 1984; Jones, 1995), and Institutional Theory (Jennings and Zandbergen, 1995), and Theory of the Firm (Baron, 2001). Freeman's Stakeholder Theory (1994) emphasises that organisations have to consider various stakeholders including employees, customers

and other parties who are important to the organisations, however, for those who favour Friedman's Shareholder Theory or Agency Theory, the Stakeholder Theory is unacceptable. The Agency Theory implies that an organisation as an agent must fulfil the principal's (shareholders) main objective, which is profit maximisation. McWilliams, Siegel and Wright (2006: 3) in respect of the Agency Theory consider that CSR is 'a misuse of corporate resources that would be better-spent on value-added internal projects or returned to shareholders'. However, since the Silver Book has a wider scope of areas (including moral and organisational benefits) of concern of CSR which has certain similarities to the Stakeholder Theory, this theory is suitable for application in this study, and the findings will explain how the theory fits in understanding the Silver Book and CSR in GLCs.

1.5 Scope of the Study

This research focuses on GLCs in Malaysia. At present, 34 public listed GLCs (numbers subject to fluctuation) exist with 19 GLCs listed as big GLCs or known as the G20. For the purpose of this research, the focus will be on the G20 based on different sectors, such as finance, trade/services, plantations, constructions and consumer products. The research examines the aspect of compliance with the new standard of CSR practices as outlined in the Silver Book, the constraints they faced as well as acknowledging the implications to GLCs and their stakeholders in general. The data was also collected from Khazanah Nasional Berhad (Khazanah) whose major task is to monitor the progress of all GLCs in relation to the Transformation Programme including CSR and the Silver Book. The interview method, analysis of the Silver Book, and annual reports from 2004 to 2006 (before the introduction of the Silver Book), and 2007 to 2010 (after the introduction of the Silver Book) are the key approaches for this study.

1.6 Research Method

The aim of this study is to investigate the GLCs' interpretation, adoption and implementation of the Silver Book. GLCs were approached to participate in the research, which was conducted using qualitative methods. The study employs two

kinds of instruments: interviews (semi-structured interviews) and document analysis. The description of the general situation was gathered from an analysis of the organisations' documents and in-depth interviews with key staff. Semi-structured interviews were conducted to gain insights into the GLCs' management and awareness of the Silver Book and CSR. The document analysis was extracted from the annual reports and related documents pertaining to CSR as permitted by the organisation. The reflective document analysis provides important information for comparison with the actual data derived from the interviews. These sources are considered to provide a clear picture of the Silver Book guidelines in influencing the development and implementation of CSR at the company level.

The findings will attempt to shed light on the potential and limits of CSR, and may then be used by GLCs, as well as Khazanah, which is responsible for the programme that manages and oversees the design and execution of the Silver Book. The type of sampling technique for this research is purposive sampling, which, according to Tashakkori and Teddlie (2003) is a technique involving the selection of certain units or cases based on a specific purpose rather than at random. As the Silver Book has specific CSR guidelines designed for GLCs, it was the major focus of the investigation. Focus on the depth of information was generated by individual cases, and 10 GLCs out of the G20 took part in this study. A total of 30 respondents were interviewed (28 from GLCs and two from Khazanah), comprising senior management (manager, general manager, head of department). Data from the study was analysed using NViVO software. Documents and interview transcripts were coded into respective categories based on the emerging themes.

1.7   Significance of the Study

The Silver Book indicates that the Malaysian Government is highly concerned with the GLCs' performance, their international positioning, and with the development and growth of GLCs; and that it wants the GLCs to be able to face globalisation confidently. One of the global requirements in trade and networking is that firms have a clear CSR policy and practice, and incorporate CSR into daily operations. It is

anticipated that this study will make two major contributions with implications for GLCs, Malaysia and the advancement of knowledge.

First, it is hoped that this research will help GLCs to improve the standards of social responsibility practices. Second, the research may assist the Government of Malaysia with the new findings on CSR implementation and the extent of commitment towards the adoption of the Silver Book among GLCs. It is hoped that the results will provide certain contributions between CSR and the soft government regulations in Malaysia. This means that it provides input that can further improve the Silver Book guidelines, enabling it to be fully accepted by all GLCs. Third, the study will make a theoretical contribution in that it has conducted an analysis of the Silver Book and identified gaps in the understanding and application of CSR. Moreover, it is anticipated that this process will enable the emergence of new frameworks that may be used as reference points with which to compare the Malaysian case. This may provide valuable material to firms, and the Malaysian Government, to aid their understanding of CSR concepts and applications. The study will contribute to documenting the application of CSR via the Silver Book in the Malaysian context. The literature thus far makes it clear that there is scant material concerning the implementation of CSR in developing nations (Jamali and Mirshak, 2007), therefore the research findings will contribute to this documentation, which will have policy implications for GLCs who are at different stages of applying CSR within their operations (The Silver Book, 2006). Moreover, it responds to the international knowledge gap concerning the implementation of CSR at the national level. Finally, it is also hoped that this research is able to enhance the image of GLCs, and, indirectly, attract potential local and foreign responsible investors, creating a close link with NGOs and Malaysian citizens.

1.8 Definition of Terms

The terms used in this study are defined for ease of understanding.

1. Corporate Social Responsibility (CSR)

Corporate Social Responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and

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society at large (World Business Council for Sustainable Development (WBCSD), 2001).

Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, 2001).

2. The Silver Book

The Silver Book provides standards and guidelines for achieving value through social responsibility (The Silver Book :Putrajaya Committee GLC (PCG), 2006)

3. Stakeholder/s

Freeman (1984, 1994) and Clarkson (1995), propose that stakeholders are those individuals or groups who may affect or are affected by an organisation. Moreover, Carroll (1998) suggests that stakeholders are impacted by an organisation's activities. Mullins (2002) divides the term 'stakeholder' into six main categories: employees, shareholders, consumers, government, community and the environment.

4. Government

Government denotes the structures and processes through which public policies, programmes and rules are authoritatively made for society (Steiner and Steiner, 2000). In this study, the focus is on the regulatory powers of government, specifically, the Federal Government and the impact of new regulations on business practices.

5. Government Linked Companies (GLCs)

GLCs can be defined as government controlled entities (rather than percentage ownership) with a primary commercial objective, through Government Linked Investment Companies (GLICs), either in terms of super control (where a GLIC is the single largest shareholder) or simple control (a GLIC is not the single largest shareholder). Control is defined as the ability to appoint BOD members and senior management and to make major decisions (Transformation Programme Manual, 2005)

6. Value

Carroll and Schwartz (2008: 168) describe value as 'primarily created when business meets society's needs by producing goods and services in an efficient manner while avoiding unnecessary negative externalities'. Hart, Milstein and Caggiano (2003) added that sustainability is an important element to value. This means that value incorporates short-term and long-term considerations.

7. Values

Values are similar to attitudes but are more ingrained, permanent and stable in nature (England, 1966)

1.9   Conclusion

CSR is known by several other terms, such as social responsibility, corporate responsibility, philanthropy, corporate social performance, and most recently, corporate citizenship and sustainability. Regardless of the terminology, all have a similar aim or intention based on a concept that encourages organisations to consider the interests of society by taking responsibility for the impact of the organisation's activities on shareholders and other stakeholders such as customers, employees, suppliers, communities and the environment. Organisations do not function in isolation and they need support from the community and environment to survive. Thus, if organisations act irresponsibly, this could tarnish their image, brand name, and even worse, cause customers' disloyalty. Husted and Allen (2006) stated that the failure to manage CSR strategically could have serious economic consequences on the organisation, and that if organisations take serious interest in effective strategic management of CSR, it could reduce the risk (Husted, 2005). Instead of benefitting shareholders and stakeholders, the implementation of CSR or any type of CSR initiative may also bring significant benefits to the organisation itself as concluded by McWilliams and Siegel (2000), Hillman and Keim (2001) and Porter and Kramer (2002). For example, CSR could improve the competitive context including potential competitive advantage and sustainability of the organisation.

This thesis is organised in the following way. Chapter Two explains the context of CSR in Malaysia. The literature in earlier studies on CSR in Malaysia is presented,

thus providing a clear picture concerning the focus of the previous researchers in the CSR field in Malaysia, which in turn, will explicate why this research on CSR and the Silver Book has been carried out.

Chapter Three focuses on the overall literature review of CSR. All aspects connecting to CSR are properly grouped based on the field of research. Theoretical frameworks, which are significantly used in CSR research, will also be evaluated with the main focus being on the framework that is related to this study.

Chapter Four describes the research framework. The Stakeholder Theory and Wood's CSP model will underpin this study.

Chapter Five explains the research methodology, in which the qualitative method is employed, and the justification of why the tools used in this method were selected. Cross cases will be adopted in the style of presentation.

Chapter Six presents the findings, which are structured to answer the research questions accordingly.

Chapter Seven analyses the findings in details, and links with the theories and literature reviews. The Chapter will also cover the limitations, contributions and the conclusion.

Chapter Two   Corporate Social Responsibility in Malaysia

2.0   Introduction (The Malaysian Context)

This chapter examines the Malaysian context in terms of its general history, which includes the legal, political, socio-cultural, economic, and environmental factors impacting on CSR; the growing interest in CSR; CSR literature in Malaysia; the importance of GLCs; and the Silver Book and its role in CSR. There is growing interest in CSR, particularly from the Malaysian Government. In the past five years, the Government has invested heavily in implementing a comprehensive CSR programme. This is evidenced by the Government's inclusion of an initiative concerning CSR in the GLC Transformation Programme launched in 2005, and the introduction of the CSR Prime Minister Award. Prior to that, the Government established the Malaysian Institute of Integrity (IIM) in 2004, with the intention of promoting ethical and good practices, and integrity in both the public and private sectors. This is considered as the starting point of calling both sectors to heed CSR practices. More effort towards CSR was realised with the establishment of the Institute of Corporate Social Responsibility Malaysia (ICRM). ICRM comprises advisory panels from the Securities Commission, Bursa Malaysia Berhad, and Khazanah Nasional Berhad, which are committed to promote socially responsibility to business practices (ICRM, 2008).

Previous CSR practices consisted primarily of philanthropic social contributions, whereas, present CSR is considered as business opportunities. This can be explained by the fact that the Malaysian Government wants to reform the CSR practices among GLCs. How the change in CSR practices was spearheaded by the introduction of the Silver Book for GLCs shall be examined. Given the lack of research concerning this programme, it is critical to examine the significance of the Silver Book on CSR implementation among the Government-Linked Companies (GLCs).

This chapter covers several aspects. First, this chapter explores the Malaysian historical, economic, legal, political, and socio-cultural context to situate this study. Second, this chapter sets out to examine the growing interest in CSR in Malaysia.

Three important factors are identified to support the growing interest in CSR. Third, this chapter reviews the current literature examining CSR in Malaysia, including major topic areas and research gaps. In addition, it examines the importance of GLCs and their role in leading CSR practices in Malaysia. Finally, this chapter will discuss the key tool for expanding CSR in Malaysia, the Silver Book.

2.1   The Malaysian Context

Malaysia is a former British colonial country, which gained its independence in 1957. The country is geographically located in South East Asia. With an area of only 329, 847 square kilometres, and a population of 28.3 million (as of 2010) (Department of Statisticss, Malaysia, 2011, 2012) Malaysia is slowly moving towards a developed country status. As a multi-cultural country, Malaysia's population comprises several ethnic groups with Malays (53.3%) forming the largest segment; followed by the Chinese (26%); Indigenous Groups (11.8%); Indians (7.7%); and others (1.2%). Malays, Indigenous Groups and people from East Malaysia are known as Bumiputra. Although Malaysia is an Islamic country, other groups with different religions can freely practice their beliefs. This religious freedom is precisely and clearly stated in the Federal Constitution.

Thirteen states and three federal territories form Malaysia, of which nine states are ruled by the hereditary rulers (the royal family known as *'S*ultan') while an appointed governor rules the remaining four states. Peninsular Malaysia comprises 11 states and two federal territories, whereas East Malaysia comprises two states and one federal territory. The South China Sea separates Peninsular Malaysia and East Malaysia. The country is a democracy (consisting of a federal parliament) with a constitutional monarch as its head. This monarch (known as '*Agong')* is selected every five years during the Conference of Rulers. The King, who is the head of the Executive (Federal Constitution, Article 39), and assisted by the Prime Minister (Head of Government), is the leader of the Islamic faith in Malaysia. From independence until today, Malaysia has been governed by six prime ministers.

The legal structure in Malaysia is divided into three branches - legislative, executive and judiciary, and the system of government is divided into three important tiers legally known as federal, state and local. The Malaysian Constitution is the supreme and overriding law of the country. The Prime Minister, who is the chairman of the cabinet, is selected from the winning political party, which claims at least a two third majority in an election, held every three to five years. The 'National Front' coalition, which is headed by the United Malays National Organisation (UMNO) and includes the Malaysia Chinese Association (MCA) and Malaysia Indian Congress (MIC), has been governing the country since 1970. The main opposition party, Pan-Malaysian Islamic Party (PAS), claims to be the only pure Islamic political party and has traditionally experienced very strong support from the Malays in rural areas, however, for the past 10 years there has been growing support from urban Malays as well. There are two other opposition parties; Democratic Action Party (DAP) and 'Parti Keadilan Rakyat' (PKR) which are receiving powerful support from the people as well. In fact, these three opposition parties formed their own alliance since the last election in 2008.

The Government is always focusing on increasing the growth and development of the country, both socially and economically. One way to do is through the promotion of a culture of CSR. Promoting a CSR culture is now a major objective for the Malaysian Government despite mixed awareness and understanding of the concept over the past decades. According to Abdul Rashid and Ibrahim (2002) CSR may have different meanings to different communities across different countries. Under the fourth Prime Minister, Tun Dr Mahathir Mohamed (1990s), Malaysia's development boomed and living standards also greatly improved. However, prior to that the economic situation in Malaysia was unstable if comparing the achievements among the ethnicities. The ethnic Chinese were recognised as the most successful in terms of economic achievement, followed by the Malays and Indians. The British, who regarded the Malays as unreliable workers, imported the Chinese and Indians to become labourers in the mining and plantation sectors while the Malays were left to do odd job work in rural areas. Although some of the Chinese and Indians originally moved to Malaysia for trade purposes, they eventually decided to settle there. These situations completely

changed the economic landscape of the country, not just with regard to its racial structure but also the economy and politics of Malaysia. As the British saw this country primarily as an economic concern, there were no concerns about social or environmental responsibilities in the early stages.

In response to the imbalance in economic development between the three ethnicities, the New Economic Policy (NEP) was introduced in 1971. The policy, which was to be implemented through a series of four five-year plans until 1990 had two principal objectives, the first being to eradicate poverty, and the second to eliminate any association between race and prosperity. Although the period has ended and the objectives have not been fully achieved, the Government has continued its aims with a new policy known as the National Development Policy (NDP). Mahathir instituted economic reforms and transformed the country into a developing country. The present statistics, as of March 2011, show that the Coincident Index (CI) grew by 0.6%. This index measures current economic activity in Malaysia (Department of Statistics Malaysia, 2011).

2.2 Growing Interest in Corporate Social Responsibility in Malaysia

The concept of CSR has been formally acknowledged by the Malaysian Government as an important concept. It is believed that many factors have contributed towards the encouragement, support and commitment shown by the Government in recognising and transforming CSR practices in a more structured manner. One of the factors could be the launch of the UN Global Compact in July 2000, whereby a decision was made to promote CSR as part of business trends (Gardiner, Rubbens and Bnfiglioni, 2003). Although many arguments exist stating that CSR is not part of the core purpose of business (Gardiner, et al., 2003), along with the issue of striking a balance between CSR and profitability, it seems that the Government's interest towards CSR is not shrinking. The Government and NGOs have exerted effort in creating awareness and providing initiatives (CSR awards) for companies, as well as offering recognition for valuable CSR programmes. In addition, as mentioned earlier, the establishment of IIM and ICRM indicates that growing interest in CSR exists in this country. Even though CSR practices are not as advanced as in other countries around the world, they

are gaining momentum; for example, some GLCs already measure their carbon emissions.

CSR Asia director Netterstrom (2010) remarked that previous practices saw CSR as very narrow and that many of them only focused on philanthropic activities and charitable donations. Historically, the level of understanding about what actually constitutes CSR was low amongst many Malaysian business leaders and government officials. Although many social activities have been implemented by GLCs, these have been mostly unsystematic and short-term in nature. This scenario may have been due to the lack of knowledge about the benefits companies could obtain through CSR. However, the commitment shown by GLCs appears to be different. This was especially true after the Government launched the Transformation Programme for GLCs, in general, and the Silver Book, in particular. Previously, the focus on CSR was limited to philanthropic contributions only, but now such concern has been expanded to include the environment, employees, suppliers, customers and others. Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) launched a CSR Framework for GLCs in 2006, however, it is designed as a simple set of guidelines for public listed companies (which includes GLCs) and is not as comprehensive as the Silver Book. Through the promotion of the Silver Book, the Government hopes that GLCs will revamp their CSR practices and improve the whole process towards a more sustainable and meaningful CSR. Although it is not really clear what motivates the Government to emphasise CSR practices among GLCs, three main factors could be the reasons - GLCs international business expansion, influence of foreign direct investment, and the role of CSR in assisting the Government to realise Vision 2020. Each factor shall be further elaborated upon in the next part.

2.2.1 International Business Expansion

This section explores the international business expansion factor, which could be one of the motivations towards CSR. This factor has a close link with the pursuit of economic growth of the organisation. Haigh and Jones (2006), in their research, identified six drivers of CSR practices, two of which include pressure from business competitors, and pressure from investors and consumers. It is argued that this in fact

refers to international, rather than local, business competitors and investors. How a company practices their CSR is said to be one of the criteria that foreign investors consider before investing. With famous cases like Nike and Shell (child labour cases), and recently British Petroleum (environmental cases), it seems that investors are very selective, and precise in dealing with new investment. A study by Amran and Susela (2007) concerning the motivation for CSR (disclosure), observed that one of the reasons for disclosure is to improve the company's image in the eyes of the foreign partners. Although the study focuses on motivation for disclosure, the finding shows that there is a link between CSR motivation and positive image for business expansion.

Other factors, such as the financial and political stability of a country in which they are to trade are definitely vital, however, during the past few years CSR has been included as an important aspect for consideration. The Malaysian Government has also stressed to the GLCs that they must expand their businesses, be more competitive and increase their performance value. Some GLCs are very established and have a strong domestic performance but may be lagging in certain areas in respect of a global benchmark. Many GLCs are involved in CSR based on their own plan and structure because there is no standardisation among GLCs in implementing CSR (Badawi, 2005). As CSR is one of the crucial points for GLCs to expand their business internationally, the Government has included a focus on social responsibility as part of the GLCs Transformation Programme. The social responsibility guidelines are presented in a manual called the Silver Book. With these guidelines it is hoped that GLCs would be able to strengthen their CSR programmes and use this knowledge as one of the many important aspects for establishing Malaysia as a developed country by 2020.

2.2.2 The Influence of Foreign Direct Investment (FDI)

This section explains the investment position in Malaysia with a specific focus on Foreign Direct Investment (FDI). According to the Quarterly Survey of International Investment and Services (QSIIS), the FDI statistics show that Malaysia remains a favourable country for investors. The continuous foreign support received shows that

investors are comfortable with the investment climate in Malaysia, and indicate high confidence in doing business with Malaysian companies (see Table 2.1). Although there is no evidence that CSR will increase FDI, it is suspected that involvement in CSR contributes to an increased degree of foreign investment.

Table 2.1. FDI Position by Component, Malaysia, 2001- 2007 (in RM Billion)

Component	2001	2002	2003	2004	2005	2006	2007
FDI in Malaysia	129.1	142.7	156.5	163.6	168.1	190.1	253.8

2.2.3 Realising Vision 2020

The purpose of this section is to explain the possible connection between Vision 2020 and CSR implementation. Vision 2020 was introduced by Mahathir in 1990, in which he outlined nine strategic challenges for Malaysia to overcome by 2020. The main objective is for the nation to consolidate its position as an industrialised nation or a developed country by 2020. In realising this vision, many aspects need efficient management and administration, such as economics (economic prosperity), politics (political stability), society (social well being), psychology (psychological balance), and culture (all aspects of life and quality of life). In other words, if Malaysia is to be developed, it needs to go beyond the economic dimension. However, there is debate as to whether the Government alone can achieve the goals of Vision 2020, and this is where the role of the businesses in Malaysia is important. Since the Government has a controlling stake in GLCs, it is expected that GLCs would give their highest commitment to the Government in achieving Vision 2020. The involvement of GLCs in Malaysia is enormous, and because of that, they are known as engines of economic growth. However, it is suspected that not all GLCs are seriously taking part in assisting the Government in developing the country.

Although GLCs are mostly established and accumulate a reasonable profit annually, the widely known issues, such as restructuring, unprofitable business practices, downsizing and dismissals, have tarnished the image of some GLCs. With the

intention of restoring the values of GLCs and regaining the people's confidence in the Government, former Prime Minister Tun Abdullah Badawi (the fifth prime minister) introduced the GLC Transformation Programme. The programme consists of ten initiatives, of which the Silver Book guideline is one of the initiatives.

The combination of the factors mentioned earlier is seen as the driver that has led the Government to strengthen the implementation of CSR among GLCs in Malaysia. With Vision 2020 approaching and accepting the fact that realising Vision 2020 is a long process, the action taken to strengthen the integrity of GLCs through the GLC Transformation Programme is vital. Whether the Silver Book makes any impact on CSR implementation in GLCs, is to be addressed through this study.

2.3 Corporate Social Responsibility Literature in Malaysia

This section focuses on current studies that examine CSR in Malaysia as well as key topics within the area. Several major areas of CSR research are examined and research gaps will be identified. Although extensive research has been conducted in Malaysia concerning CSR, mostly it is related to the narrow aspect of CSR disclosure or corporate social reporting. Notwithstanding the dearth of research on general CSR practices in the Malaysian context, there have been numerous studies in this field within Western countries. This could possibly be due to the situation in Malaysia as it is still developing. Shi (2007) as cited in Moorthy, Arokiasamy and Chelliah (2010), argued that western society has a better understanding of CSR compared to developing countries, which includes Malaysia. This could be because the western involvement in CSR, from as early as the 1930s, has contributed to a different level of understanding concerning the concept of CSR. Furthermore, most western countries are developed countries with a complete infrastructure, a better education system and socio-economic standards. However, as a developing country, there are other significant factors that have a greater priority, such as strengthening the economy, ensuring good infrastructure, and setting the education system. Thus, it can be clearly understood why CSR is not always a priority (Mohamed Zain, 2009).

There are many other important issues that a developing country should be focusing on rather than CSR. However, the situation has begun to change. Malaysia is being

transformed into a thriving, modern economy, as well as witnessing significant social changes, such as the implementation of modern transportation, the availability of education, and the introduction of an advanced technology industry (Hirschman and Edwards, 2007). Furthermore, when the term globalisation emerged and gained considerable attention worldwide, the awareness of the importance of CSR in relation to business became a concern among the corporations. Although the scope of interest in this field is minimal, past studies have shown that CSR disclosure is the aspect of CSR most commonly being investigated and evaluated, for example, corporate social disclosure of construction companies in Malaysia (Mohamed Zain and Janggu, 2006). It is clearly important to view the pattern of past studies on CSR within the Malaysian context because such research provides insights into how GLCs can better implement CSR. However, according to Nik Ahmad, Sulaiman and Siswantoro (2003), studies on CSR disclosure in developing countries (which includes Malaysia) are limited. Instead of CSR disclosure, other aspects that gained interest are CSR and awareness, CSR and determinant factors, CSR and regulations, and CSR and the environment.

Many large GLCs like Tenaga Nasional Berhad, Malaysia Airline System, Maybank, CiMB, Proton and others have been involved in CSR for a very long time; however, their activities (as reported in the previous annual reports of 2006 and before) were mostly limited to charitable donations. Conversely, in 2007, Raslan the Chairman of the Institute of Corporate Responsibility Malaysia (ICRM), stated in an interview that '*the narrow understanding on CSR was slowly diminishing, driven by an awakening in the Malaysian corporate scene*'. He further emphasised that the effort and involvement of the Government and regulators in the GLC Transformation Programme, which is promoting CSR as one of the ten initiatives, has been contributing to this scenario. This awakening can be directly attributed to the Silver Book, and thus, it is hoped that the launching of the Silver Book will lead GLCs towards the systematic practice of CSR. The Silver Book, which is a guideline to implement CSR, has acted as a catalyst for GLCs and has brought them to the forefront in this field. ICRM itself views a company's Corporate Responsibility (CR) as being committed to playing a leading role in contributing to a sustainable future. Corporate responsibility includes taking responsibility for one's own actions, valuing

responsible business practices in the marketplace, supporting the growth and development of people and communities, and pledging to minimise the impact on the environment (www.icrm.com.my). From the belief in the influence of CSR on organisations, shareholders and other stakeholders, it appears that there is a growing concern about the reorientation of CSR practices from philanthropy to a more sustainable use of resources by organisations, through the inclusion of a wider range of stakeholders, such as customers, employees, suppliers, NGOs and the Government (Raslan, 2010). This opinion signifies that businesses must be aware of their surroundings and the communities upon which they might have an impact.

Previously, greater concern has been raised by the general community, politicians and even the Government with regards to CSR implementation in companies (especially the GLCs). This is not just about GLCs but covers other companies in this country, such as BP, Nestle, DiGi, Ayamas, and many more. However, GLCs have always been assumed to be companies with higher governmental priority and have received greater attention from the public. The general public is keen to know the involvement of GLCs in CSR, particularly among highly profitable businesses.

In summary, this part explains the current situation of CSR in Malaysia as an introduction. The remainder of the chapter reviews the literature of the various past studies on CSR aspects in Malaysia, which include CSR disclosure; CSR and the influence of the Government; CSR and the impact on the environment; CSR and the level of awareness; CSR and regulation; CSR and motivation; and CSR and other related studies on aspects of CSR.

2.3.1 CSR Disclosure

This section addresses CSR disclosure among mostly publicly listed companies in Malaysia. Social reporting has been determined to be the most common CSR aspect studied in this country. This aspect of disclosure has received the highest attention due to its focus on transparency. According to Amran and Susela (2008), it is unclear what factors motivate Malaysian companies to disclose their social and environmental information. However, it appears that those with an accounting background are serious in investigating the level of CSR disclosure among the Malaysian companies.

There are not many companies that have a specific CSR report, but through a text analysis of annual reports, it shows that it is still a medium for companies to communicate their CSR activities. Most organisations do report their activities (some including CSR), however, it is a very basic reporting whereby not much can be justified as fair business information. For example, in the case of GLCs, all CSR activities implemented are mostly philanthropic and are only briefly reported in the annual reports. Thus, there is no utilisation of a formal reporting format to disclose the information. According to Teoh and Thong (1984), there was minimal existence of corporate social reporting in the early 1980s, however, the situation has improved (ACCA Malaysia, 2004). This could perhaps be attributed to the Government's effort and other authorities' support in increasing the level of awareness of CSR among Malaysian companies, which has been fruitful. A survey conducted by the Environmental Resources Management Malaysia (2002) indicated that social reporting increased from 5.4% in 1999 to 7.7% in 2001, and further increased to 10% in 2003 (ACCA Malaysia, 2004). Bursa Malaysia stated that all listed firms whose financial year ended on or after 31 December 2007, must disclose all their CSR activities, and it is either undertaken by them or their subsidiaries, or if there were none, they must include a statement to that effect (Bursa Malaysia, 2010). This could be one of the reasons why the percentage of CSR reporting jumped by 4.6% from 1999 to 2003.

Past studies on corporate social reporting or disclosure in Malaysia include Mohamed Zain and Janggu (2006); Mohamed Zain (2004); Nik Ahmad, Sulaiman and Siswantoro (2003); and Mohamed Zain (1999). All of them focus on CSR disclosure and all agree that CSR disclosure needs to be more transparent. However, one of the interesting findings by Mohamed Zain (2004) revealed through interviews is that the reasons why most companies disclose their social information is due to top management awareness, desire to comply with the Government's policy, and corporate image. Other study on CSR disclosure in industrial companies in Malaysia demonstrated that there is an increasing trend of CSR disclosure in this sector (Janggu, Joseph and Madi, 2007). Abu Bakar and Ameer (2011) used listed companies in Malaysia to examine the readability of CSR communication

(disclosure) with company performance, and their results showed that there is a positive link between clear or readable CSR communication and company performance. The increasing interest in this field can thus be attributed to the need for greater transparency in the management of the Malaysian organisations.

Saleh, Zulkifli and Muhamad (2010) explored the concept of CSR disclosure and its relationship with institutional ownership (IO). The results of the study, which focused on the Public Listed Companies (PLCs) show there is a significant relationship between CSR disclosure and IO. The study also suggests that involvement with social activities will lead to better investment, reputation, as well as an improved image for the PLCs. In addition, Ziaul, Saleh, Zubayer and Mahmud (2010) empirically explored the effect of CSR disclosure on IO, and similarly found that there is a positive link between it and CSR. Said, Zainuddin and Haron (2009) conducted research on corporate governance characteristics in publicly listed companies in Malaysia and the extent of CSR disclosure. The study identified the characteristics that enhance CSR disclosure including board size, managerial ownership, foreign and government ownership and the extent of CSR disclosure. The results demonstrate that government ownership is the most significant variable that influences the level of CSR disclosure.

Mohamed, Mohammad and Alwi (2006) also focused their interest on CSR disclosure. They examined the communication styles between providers and users, and their results show that miscommunication existed between the two parties in which the providers are the companies and the users (of the financial reports) are the stakeholders. The users felt that the information disclosed in the financial report is insufficient, and, on the part of the providers, they seldom received the information that users require. This is where the providers communicate what they feel necessary without noticing that it is insufficient for users, thus miscommunication exists. Therefore, it is suggested that the accounting professionals should provide clear guidelines or standards to avoid further problems in the future. Amran and Siti-Nabiha (2009) also studied on CSR reporting in Malaysia. The results indicate that the trend of reporting was employed because the companies believed that if they

disclosed their CSR activities they might be accepted as one of the international players within Malaysian business circles. This result indicates that there is certain pressure faced by the companies to adopt adequate social reporting due to globalisation.

Most companies used philanthropic reporting as a way to enhance their image (Gray, Owen and Moulders, 1988; Zulkifli and Amran, 2006). It appears there may be a contradiction in terms of low reporting and taking advantage of reporting. If reporting can increase the image of a company the state of reporting should not be at an infancy level. Chambers, Chapple, Moon and Sullivan (2003) also investigated CSR reporting among seven Asian countries including Malaysia. Their results show that Malaysia lags behind two other Asian countries (Singapore and South Korea) in disseminating the information regarding their CSR activities through websites. For example, the percentage of Internet use in Malaysia is 6.7%, 31.9% in South Korea, and 40.5% in Singapore. In relation to CSR communication, due to the lower Internet user rate in Malaysia, companies may not take CSR reporting via websites seriously. This then points to the low awareness of CSR. In spite of this, the research reveals that three common categories of CSR activities were being highly reported in this country - education and training, environment and conservation and also welfare issues. They form part of the Government's main concern in achieving Vision 2020.

The Government is very serious about ensuring that Malaysians receive a better education and acquire high professional or technical skills. This intention is extended through systematic implementation of CSR through the introduction of the Silver Book. With this guidance, GLCs are expected to take CSR seriously and involvement in education becomes more established. Being the private sector, GLCs were advised to provide facilities and assist the Government in building the nation whereas concern for environmental issues could be due to global pressure. Furthermore, some companies have to follow international rules and regulations if they want to be chosen as business partners, for example, in the aeronautical business. In this business, in dealing with European countries, Malaysia has to comply with the global requirements known as the European Union Emission Trading Scheme (EUETS).

Thus, reasons such as fuel consumption, and banned on open burning might be the influential factors that have led companies to implement their CSR in such a manner.

2.3.2 CSR and the Influence of Government

The involvement of the Government in CSR is another growing area of research. The purpose of this section is to examine if there is a strong link between Government influence and growing interest in CSR in Malaysia. In fact, the two important policies - NEP (1970-1990) and NDP (1990-2000) have explicitly stressed social contributions. In 2007, Amran and Susela studied CSR disclosure in the annual reports of public listed companies. Using a political economy theory they explored how far the Government influences companies in their CSR reporting. They found that the Government has some influence in ensuring these companies implement their CSR practice more intensively. For example, the Malaysian Government's influence can be identified in its Vision 2020 whereby three of the nine challenges of Vision 2020 reflect CSR initiatives. The three challenges are explicitly listed as a moral and ethical community, a caring culture and an economically just society. In 2008, the topic of government influence on CSR was again studied by Amran and Susela. The study explored the role of the Malaysian Government in influencing the development of CSR among the companies in Malaysia that are dependent on them. The study does not specifically mention whether the sample companies are GLCs. Their samples are public listed companies and randomly drawn from several sectors, such as industrial, consumer products, trade and others. However, it is suspected that GLCs are among the samples they used. Similar to their previous results in 2007, the findings specify that the Government has certainly had an impact and plays an important role, and is a leading proponent for intensive CSR implementation. Thus, it can be concluded that the Government's aspiration for enhancing the adoption of CSR among the companies has gradually been acknowledged, although no strong mandate is being regulated (as the Malaysian Government takes the stand that CSR is voluntary). This result shows that the Government has a certain function in encouraging companies to commit to social work.

2.3.3 CSR Reporting and the Impact on Environmental Legislation

This section focuses on CSR and environmental legislation in Malaysia. It seems that there is an increasing trend towards environmental reporting among organisations in Malaysia (Amran and Susela, 2007). One of the reasons that possibly contribute to this scenario is that environmental protection has become a world issue. In Malaysia, the Environmental Quality Act was instituted in 1974 by the Government in order to enforce environmental safety and pollution legislation (Abdul Rashid and Ibrahim, 2002). This shows that Malaysia understands the global requirement, and that the country is willing to support and ensure that environmental issues are given the highest attention. The effects of this Act are believed to have a certain degree of control over environmental manipulation by organisations in Malaysia.

The other effect is that the Act compels organisations to become more accountable and report their environmental impact, which leads to CSR reporting. The introduction of the Malaysia Sustainability Reporting Awards (MaSRA), (formerly known as the Malaysia Environmental Reporting Awards (MERA) by the Association of Chartered Certified Accountants ACCA in 2002 (ACCA Malaysia, 2002), could possibly be one of the reasons for the increasing interest in environmental reporting. Thompson and Zakaria (2004) assessed the state of CSR reporting and corporate environmental reporting (CER) in 250 of the largest Malaysian companies, and revealed that both CSR reports are still in their infancy stage in Malaysia, but are improving. Chan revealed that the level of CER among 40 companies in Malaysia is low, however, CER has improved, which is possibly due to the growing awareness of the environmental issue in Malaysia and also the influence from the Government (Chan, 2000). One of the reasons for low CER in Singapore companies, appears to be the lack of government pressure (1998). This indicates that there is a need to analyse the effect of the introduction of the Silver Book since there is Government involvement in establishing it for a systematic approach to CSR.

In addition to the Government, NGOs also play a significant role in enhancing awareness of environmental protection in Malaysia. The emergence of several Non-Governmental Organisations (NGOs) like 'Sahabat Alam Malaysia' (Friends of the

Earth), consumer associations, such as Consumers Association of Penang (CAP), and WWF Malaysia, could also possibly be the catalyst towards the increasing interest in environmental reporting. For many years, these NGOs have tried to create awareness concerning, among others, responsibility for the environment, product safety and pollution for many years among the people in Malaysia (Abdul Rashid and Ibrahim, 2002; Nik Ahmad, et al., 2003). In fact, to encourage active and constant environmental reporting, ACCA Malaysia with the Department of Environment Malaysia (DOE) launched the ACCA Malaysian Environmental and Social Reporting Awards (Othman and Ameer, 2010). Othman and Ameer (2010) examined the environmental protection disclosure of palm oil companies that have significant implications for the preservation of earth, water and air quality. The findings reveal that the extent of the disclosures among the selected companies had been very low. It is also stated in their study that the DOE Malaysia, and the other authorities have taken various initiatives to create awareness of the environment. However, the knowledge gap still exists. In this case, it appears that only a strong and continual effort to educate the public will address the problem of low disclosure. This could be one of the motivations for the introduction of the Silver Book whereby the guideline is not restricted to just philanthropy.

Other environmental reporting research in Malaysia includes the focus on the state of environmental reporting by using inter-industry comparisons (Nik Ahmad and Sulaiman, 2002) and motivations behind environmental reporting practices (Yusoff, Mohd and Shamsudin, 2005b). The findings of the above studies found that although certain disclosure for the plantation sectors exists, the level of voluntary disclosure and motivation is still low. Thus, it is evidenced that in Malaysia there is a lack of adequate environmental reporting, which indicates that companies require guidance in becoming more accountable with regard to CSR. It can be concluded that the stage of environmental reporting in this country is still new, with little discussion about the environmental impact being looked into, and not much connection with CSR being exposed.

2.3.4 CSR and Level of Awareness

This section provides the stage of awareness of CSR among Malaysians. Various aspects of CSR in past studies (Ramasamy and Hung, 2004; Zulkifli and Amran, 2006) demonstrate that CSR in Malaysia has gained momentum and that more people, such as employers, employees and authorities, are aware of its importance and value. A study on CSR awareness among employees in Malaysian and Singaporean companies revealed that companies in both countries tend to have low levels of CSR awareness (Ramasamy and Hung, 2004). This study actually compares the employees' perception of CSR awareness and determines that CSR awareness in Malaysia is low, especially with regard to fair business information. This statement supports previous claims that there is a lack of reporting on CSR in Malaysia. This further indicates that companies may consider CSR as a less important issue due to the lack of in depth knowledge concerning what CSR really is and the benefits to the organisations derived from its implementation. In Malaysia's case, one factor that may contribute to the low awareness is the absence of regulations on disclosure. Nevertheless, Abdul and Ibrahim (2002) believe the situation may have improved. This is because of their findings concerning the attitude of executives and management towards CSR as part of their study. In this study, the results indicate that almost all respondents (97.5% out of 198 responses) from various organisations in Kuala Lumpur agree that they are involved in CSR activities, and other results also show that the managers had a positive attitude towards CSR. Although this indicates that companies are aware of CSR, how thorough their understanding of the CSR concept is unknown. The implications for this thesis are that it is significant to study the impact of the Silver Book on CSR in Malaysian GLCs, as the results indicate the level of managers' attitude towards CSR and provide current information concerning the understanding of companies in relation to CSR, and more importantly, following the introduction of the Silver Book.

Another study by Zulkifli and Amran (2006), which was conducted among Malaysian accounting professionals, investigated their understanding of CSR. The findings showed that although there are many commendable efforts with regard to CSR in Malaysia, the findings are inconsistent with the general level of awareness and

perceptions on the concept of CSR. Other CSR research on awareness has been carried out by Moorthy et al. (2010) in which the focus was on the level of CSR awareness among undergraduates in Malaysia. The study acknowledged the Government's efforts in encouraging CSR in Malaysia (for example, the introduction of the Silver Book), however, they believe that the Malaysian Government should invest a greater effort in increasing the level of CSR awareness among undergraduates as they are the future leaders. As future leaders, they have to not only have a solid understanding and awareness concerning all aspects of administration, business and management, which includes CSR as part and parcel of the business strategy, but also enhance the country's development.

In reality, it is possible that only those who are working directly with a CSR unit or team may have a sound understanding of what CSR actually is. Within the Malaysian context, the action of giving donations to certain organisations could be claimed by companies as meeting their CSR commitment. In fact, many people see CSR as having a strong link to charity, or money donations only, or pure philanthropy. Although there is no clear statistic to support this, it is widely known that in some ways this is the actual culture and perception in this country. These include donations to some orphanages, old people's homes or certain foundations, which are designed to help the less fortunate, or underprivileged. Malaysians are inclined to helping others, especially during the festive seasons (community), for starting school at the beginning of the year (school children), school sponsorship, sports sponsorship, and many other types of donation in the name of charity. The normal practices are that donations will be disclosed to the public. However, if by giving large cheques, organising a dinner event or charity event for less fortunate people and inviting the media for coverage, and if that is construed as CSR, it is a gross misconception. This is just one element of CSR. Such misconceptions and low awareness of CSR are believed to be two of the important motivational determinants behind the creation of the Silver Book.

2.3.5 CSR and Regulation

The purpose of this section is to understand and analyse the relationship between CSR and regulation. One major issue is whether CSR should be voluntary or compulsory.

CSR is often a voluntary activity for organisations, and some scholars consider it as vague like Friedman (1962, 1970) or less important due to no law or regulation being imposed on it. In their opinion, until CSR is mandated by law, it is useless to business. However, other scholars (Johnson, 1971; Keim, 1978; Carroll, 1979, 1981, 1991; Jones, 1980; Wartick and Cochran, 1985, Woods, 1991, Fukukawa, Balmer and Grey, 2007) believe the concept of social responsibility would be flawed if it is compulsory. If it is social responsibility it thus matches the concept of being voluntary. The Malaysian Government has taken a stand that CSR is voluntary and not compulsory, as stressed by the Prime Minister in the 2006 budget speech (Badawi, 2006). Although the Government is very serious about CSR, it does not necessarily have to mandate a law for CSR. To-date there are ample international guidelines and frameworks relating to CSR, which are precise and informative, however, the Malaysian Government believes that Malaysia needs to have its own social responsibility guideline, which suits the country's condition as a developing country without ignoring the international guidelines. In line with the GLC Transformation Programme they introduced the Silver Book, a guideline for CSR. Golob and Bartlett (2007) wrote that if CSR implementation follows the existing guidelines and works within the related laws of the countries where it works, it should be successful and treated as an important element in conducting business. This is parallel to Weidenbaum's (1981) statement that legal as well as regulatory environments have certain impacts on business as both are costly.

Studies related to social responsibility have examined the effect of the introduction of regulatory requirements for CSR disclosure among the public listed companies in Malaysia. It is believed that pressure from the authorities and communities in demanding that companies should be more transparent in their reporting has led to the studies. Darus, Arshad, Othman and Jusoff (2009) investigated the effects of CSR regulations in promoting CSR before and after the period of regulation requirements concerning the extent of CSR disclosure. They found that regulatory efforts are a significant mechanism in promoting greater transparency in CSR disclosure. Although the findings do not apply to family owned companies they are critical for government owned companies. This could be justified, as the family owned

companies are not responsible to others whereas the government owned companies have to be answerable to their shareholders and stakeholders. Although this study also mentioned the introduction of the Silver Book guidelines and Bursa Malaysia's guidelines on CSR disclosure, there has not been much explanation and analysis in respect of the Silver Book and its role in CSR. Consequently, a study on the role of the Silver Book in enhancing CSR should be investigated. This is supported by Haniffa and Cooke (2002), and Thompson and Zakaria, (2004), in relation to the lack of studies concerning the role of the Malaysian Government and CSR. Although there is no specific discussion on the Silver Book, it is part of the Government's agenda for transforming Malaysia into a developed country. Furthermore, Saleh et al. (2010) stated that the Government's involvement in promoting CSR will slowly increase the Malaysian companies' commitment to CSR. In order to determine the effects of Government involvement and CSR, this study concerning the influence of the Silver Book on CSR is crucial.

Lu and Castka (2009) who studied CSR trends in Malaysia, posed that although CSR practices were not new in this country, most companies only focus on certain aspects of CSR, such as CSR approaches, CSR disclosure, and CSR awareness. It has also been suggested that Malaysia should have its own CSR standards to suit its culture, the important role of the Government, and other parties in aligning CSR understanding and related legislation. A small part of the Silver Book has also been mentioned in this study as one of the initiatives by the Government in improving CSR, however, there is no further discussion on the Silver Book being evaluated. This obviously is an area that requires greater investigation.

2.3.6 CSR and Motivation Factors

This section aims to examine the motivation factors behind CSR implementation in Malaysia. One overseas study indicates that the motivation to disclose social responsibility is to boost corporate image and this is the main reason companies implement CSR (O'Dwyer, 2002). In Malaysia, the reason why companies report their CSR activities are similar with the studies from other countries. Amran and Susela (2004), in their research, found that reporting is undertaken for the purpose of trends

and improving the company's image in the eyes of the Government and foreign affiliates. It is suspected that because other companies (public listed companies) disclose their social activities, they are simply following the trend. Similarly, Mohamed Zain (1999) suggests that the motivation for CSR disclosure includes following the trend and the possible influence of the Government in achieving Vision 2020. This is supported by a study by the Association of Certified Chartered Accountants, Malaysia (ACCA) (Malaysia, 2002), which provides evidence that one of the motivations behind disclosure is to improve corporate image. In addition, they identified several other factors, for example, privatisation initiatives, aiming for the awards, demonstrating responsibility, and others as motivation factors. The findings show that various drivers may contribute as motivation factors for CSR disclosure. However, whether the Silver Book contributes to certain elements or provides motivation for CSR implementation has not been determined.

Abdul and Ibrahim (2002) examined the reactions of Malaysian managers and executives towards CSR, including the extent of CSR activities, CSR disclosure and the driving factors behind CSR implementation. One of their findings evidenced that about 69% of the respondents believe that business involvement with society assists in their long-term profitability. Other results from the same study signify that family upbringing is the most influential factor in determining attitudes towards CSR. Rather than focusing on accounting, this study is valuable as it examines the CSR situation in the field of management. Since the implementation of the Silver Book is based on a management perspective, the findings will add information and support the scant literature concerning CSR and the management aspect, thus this thesis is relevant.

Overall, the studies on CSR motivation in Malaysia are still limited to motivation factors for CSR disclosure. Although all findings are significant to the companies and their stakeholders, more studies should be initiated to obtain evidence concerning what actually motivates Malaysian companies to execute CSR. This is where, hopefully, the study on the influence of the Silver Book on CSR will provide some answers concerning the motivation factors for CSR in Malaysia.

2.3.7 CSR and Other Related Studies

This section highlights other related CSR research that has been carried out in Malaysia. The CSR field has attracted many researchers and various aspects of CSR have been investigated. Yam and McGreal (2010) studied CSR in Malaysia with the objective of viewing how house-buyers in the Johor state perceive CSR in deciding to buy a house. This is a new field of study and how it is connected to CSR is interesting to analyse. The results show that the majority of house-buyers (more wealthy) expected socially responsible developers to provide more CSR features. This indicates that some people have a greater awareness of the value of CSR and how it will affect their purchasing decision. This finding could also send a message to the house developers in Malaysia that CSR covers every aspect of life. If they wish to sustain longer and increase their value in this business, they have to listen to their customers.

Wong and Ahmad (2010) examined how multinational corporations (MNCs) incorporate the stakeholder approach in CSR. The case study of two Penang State (Malaysia) based MNCs found that there is an increasing approach towards internal and external aspects of CSR being addressed. Another internal aspect that was studied in Malaysia was by Crinis (2010), which pertains to the condition of foreign workers in the garment industry. The evidence suggests that the priority of garment factories has changed from cheap labour to better performance and complying with the codes of conduct. However, the findings also suggest that CSR implementation in this industry is lacking with insufficient protection for both local and foreign garment workers.

CSR and Public Relations (PR) is another study that was carried out. Goi and Yong (2009) reviewed PR contributions to CSR programmes and also reviewed current CSR activities in Malaysia. The initiatives introduced by the Government, such as the Prime Minister's CSR Awards (2008), and ICR Malaysia's CSR Awards have attracted considerable attention from the Government, public listed companies and private companies in Malaysia. Siwar and Hossain (2009) examined the concept of Islam and CSR through the opinion of Malaysian managers. Samples were taken from

multinational corporations (MNCs), GLCs, small medium enterprises (SMEs) and also Non-GLCs. The findings indicated that Islam encourages responsible behaviour to society, the environment and the economy. The result is not surprising as social responsibility is considered as noble and is aligned with Islamic teachings. However, the study did not mention ethical practice, which is a part of CSR.

CSR and SMEs is another field of research that has gained interests in Malaysia. With a specific focus on gender variations and the evidence suggesting that women are more ethical than men, Ahmad and Pi (2010) surveyed 212 SME entrepreneurs in Malaysia. Hung, Ramasamy and Lee (2010) investigated management systems and CSR engagement. Their results showed that CSR active companies are using universal accredited management systems compared to non-active CSR companies. Another factor revealed that size does not influence CSR performance. It is clear that due to different kinds of business, location and other aspects, different companies experience different determinant factors for CSR implementation and performance. Amran, Lim and Sofri (2007) investigated corporate philanthropic traits among major Malaysian corporations. The main focus of their study was on the ownership structure of firms, characteristics and their extent of implementation of philanthropy. Their findings revealed that a connection exists between philanthropy, ownership structure and the size of the companies.

2.3.8 Research Gaps

All of the above mentioned current studies on CSR and various aspects demonstrate that there is growing interest and an increasing trend of acceptance and awareness concerning CSR. However, in general, for MNCs, GLCs, SMEs and other businesses, the concept is still under researched and not well understood. Current studies on CSR in Malaysia are mostly dominated by the accounting perspective. The aspect of CSR reporting becomes top of the list and only minimal studies are associated with management and other fields. Atan, Mohamed Razali, and Mohamed (2011) conducted their research, which concerned the compliance to the Silver Book by GLCs, however, the main issue is CSR disclosure. The Silver Book was involved, but it was narrowly focused. The Silver Book, which constitutes the new guidelines for

CSR is the main subject of this research. Although the new guidelines have been a sub-subject of study a few times, it was linked to CSR disclosure. This research seeks to close the gap in the existing literature by examining how well the Silver Book guidelines and requirements are being complied with, and how they influence CSR implementation.

2.4 The Importance of Government-Linked Companies (GLCs) and their Role in CSR

The aim of this section is to examine the importance of GLCs and their role in the CSR aspect of Malaysia. In addition, the type of CSR involvement by GLCs will also be examined. It is also important to highlight the main issue pertaining to CSR in GLCs, as this will set the tone for the whole study.

2.4.1 Definition of GLCs

GLCs can be defined as a government controlled entity (rather than percentage ownership) with a primary commercial objective; through Government Linked Investment Companies (GLICs), either in terms of super control (where a GLIC is the single largest shareholder) or simple control whereby control is defined as the ability to appoint BOD members and senior management, and to make major decisions (The Transformation Manual). The Malaysian Government, as one of the shareholders in GLCs, does play a role in the development of GLCs. The Government control (appointment of board of directors and making some major decisions) GLCs through the GLICs. The GLICs are the investment arm of the Government.

GLCs are one of the most established organisations in Malaysia although some GLCs face certain business difficulties, such as takeover, buy over or merger and acquisition. Some Malaysians seemed to be very displeased with GLCs and they have always been the subject of comment and criticism. As major contributors towards the country's growth and economic development, how the GLCs utilise their profits can at times become an issue. Government intervention to assist the poor performance of GLCs has also received strong criticism. Some Malaysians believe that GLCs are doing well because of the very strong support and the direct link with the

Government. In their opinion, since GLCs are well supported by the Government, they should be more generous in helping others. Furthermore, there has never been an issue raised by the shareholders pertaining to GLCs handling a certain amount of profit for the purpose of CSR. The issue is that CSR disclosure is not very widely practiced in GLCs, and, thus the extent to which they are willing to contribute back to the people or society has been questioned.

2.4.2 The Role of GLCs

GLCs are known as an engine of economic growth. In other words they do play an important role in assisting the Malaysian Government to develop a better economy, nation and country. GLCs account for 36% of market capitalisation of the Malaysian stock market (Lau and Tong, 2008), and 49% of the benchmark Kuala Lumpur Composite Index (Badawi, 2005; PCG, 2006). However, public perceptions of GLCs can be divided into two mainstreams. One group considers GLCs as the saviour of the country's growth and development and as a provider of jobs to people, while the other group (opposition parties, business circles and also individuals) has some negative assumptions concerning GLCs. Some of them are also against the Government intervention to save poorly performing GLCs. Although the nation continues to grow and develop with strong equity due to the commitment given by GLCs, some aspects including the image of GLCs have been tainted. The poor performance by GLCs, such as the Malaysian Airline System (revealed in 2005), Proton Holdings (Lau and Tong, 2008), and being associated with cronyism, have contributed to the negative perceptions of GLCs. Facing local and international challenges and also opportunities from the rising pace of globalisation and liberalisation; the rise of new economic powers in Asia, such as China and India; and global financial instability has led the Government to think strategically on how to become a competitive nation. Realising Vision 2020 also requires the utmost wisdom, courage, spirit, strength and greater urgency, in view of the short timeframe within which it is to be achieved. As an engine of economic growth, the Government believes that GLCs must lead the way, and thus GLCs have to change and transform.

2.4.3 GLCs Role in CSR

In terms of the history of involvement with CSR, GLCs have done a lot for the communities, school children and some elements of environmental protection. For the communities, the contribution of GLCs in social work include building houses, donations for charities, sports sponsorship, as well as sponsoring English language newspapers for school children as one of the main activities. Previous studies, which were mentioned in the earlier section, are believed to have involvement from some GLCs as they are also public listed companies. However, the studies were not limited to only GLCs as their sample or respondents. In fact, there is limited research that investigates the case of GLCs in Malaysia. Abdul-Rahman, Md-Hashim and Abu-Bakar (2010) conducted one of the few studies on GLCs. They examined CSR disclosure in the Islamic Bank Malaysia (BIMB). The research investigated CSR disclosure. The findings demonstrated that BIMB prefers to disclose information on themes, such as employees, product and service contributions and community involvement. However, in the research there was no specific mention of GLCs or their role in the financial sector.

Changes in social and economic development over the past decade have witnessed certain action being taken by the Government in ensuring the clean practice of the corporate sector, especially GLCs. The Securities Commission (SC) has also played a continuously active role in promoting CSR among GLCs. Although the private sector's main aim is to maximise the shareholders' wealth, the SC believes that fostering a strong culture of CSR and corporate governance is fundamental in ensuring business sustainability. However, there is an issue of standards of practice, and furthermore, CSR is not a mandatory task for GLCs and the other public listed companies. Perhaps the transformation programme will enhance GLCs commitment towards CSR.

The transformation of GLCs into high performing entities is deemed significant by the Government. The Transformation Manual has been developed to facilitate GLCs in their transformation. Ten initiatives have been introduced of which 'achieving value through social responsibility' is one of the initiatives. The blueprint for

achieving value through social responsibility has been compiled in a manual called the Silver Book. Based on the Silver Book guidelines, GLCs are encouraged to incorporate and embed CSR culture in their business strategy and operations. The adoption of CSR programmes must be long-term contributions without neglecting philanthropic contributions. It is important to note that previous CSR practices (before the transformation) in GLCs were short-term contributions. The most important is that GLCs have a major role in CSR. They must ensure that their CSR is aligned with at least one of the key national economic development policies announced in the Ninth Malaysia Plan (9MP), (see Table 2.2) which is linked to Vision 2020.

Table 2.2.National Economic Development Policies to Support

As described in 9MP:
Strengthen agriculture/agro-based industry
Enhance tourism contribution to the national economy
Ensure Bumiputera's equity share in the nation's economic growth
Raise the national capacity for knowledge and innovation
Empower youth for the future
Foster family and community development
Address development gaps between rural and urban areas
Attain balanced regional development
Provide accommodation to the low-income group
Improve protection of the environment and conserve natural resources
Increase emphasis on enhancing the role of culture and arts
Improve general public's quality of life through sports and better health care

(Adopted from the Silver Book, 2006)

By choosing any of the above policies, GLCs are one step closer to helping the Government in building a competitive nation. The policies listed are categorised as sustainable, which means they benefit both the GLCs and society in long term.

2.5 The Silver Book and its Role in the CSR-Malaysian Context

This section explains the Silver Book and its connection to CSR in Malaysia. It is important to understand this book and identify its role in CSR. New challenges concerning how and which standard management practices of CSR are to be adopted, and how to report their performance to ensure greater transparency, have been debated many times in this country, as indeed they have for other corporations around

the world. In Malaysia, Bursa Malaysia launched the CSR Framework for Public Limited Companies in 2006, and the Government launched the Silver Book for GLCs in late 2006. These two standards will hopefully manage to provide a road map and address the current ambiguity in CSR practices and lead to a clear direction for the practices of CSR and good governance (Mohamed Zain and Mohammad, 2007). The Silver Book is defined as a set of guidelines concerning how GLCs can contribute to society in a responsible manner and create a positive impact for their business and for society (Silver Book, 2006).

The Silver Book is actually a part of the GLC Transformation Programme (launched July 2005), whereby the Programme has a greater focus on quality and performance. The Transformation Programme contains two parts; the first being on policy guidelines, and the second detailing the GLCs' Transformation Initiatives. Ten Initiatives were identified to be developed, launched and implemented across all GLCs over the remainder of 2005 and into 2006 (Badawi, 2005). One of the Initiatives is the Silver Book, which contains a set of principles and guidelines that will guide GLCs in clarifying and managing their social obligations. CSR, which is stressed in the Silver Book, is not just about philanthropy, rather, the focus is on creating sustainable benefit for the business and community in which it operates.

The Silver Book has three key objectives. The first is to clarify the expectations concerning the GLCs' contribution to society; the second is to guide the GLCs in evaluating their starting position in contributing to society; and the third is to provide the GLCs with a comprehensive set of tools, methodologies and processes to proactively contribute to society in a responsible manner while still creating value for their shareholders. There are seven core areas of contributions to society that GLCs can pursue. This includes human rights, employee welfare, customer service, supplier partnership, environmental protection, community involvement and ethical business behaviour. There is no rule that all of the seven core areas must be adopted, but it will be best practice if all the seven core areas are considered by GLCs. There are also six Building Blocks identified for responsible contribution programmes; policy, financial targets, regular review of existing contributions, new requests, positive reporting, and

effective governance and organisational structure, which will guide GLCs in entering the new life of CSR practices in their organisation. How the Silver Book works is explained in Figure 2.1, which is the first stage of identifying the type of social contribution and Figure 2.2, represents the Silver Book guidelines, as shown below.

Voluntary Contribution

Identify Types of Contributions

Social Obligation
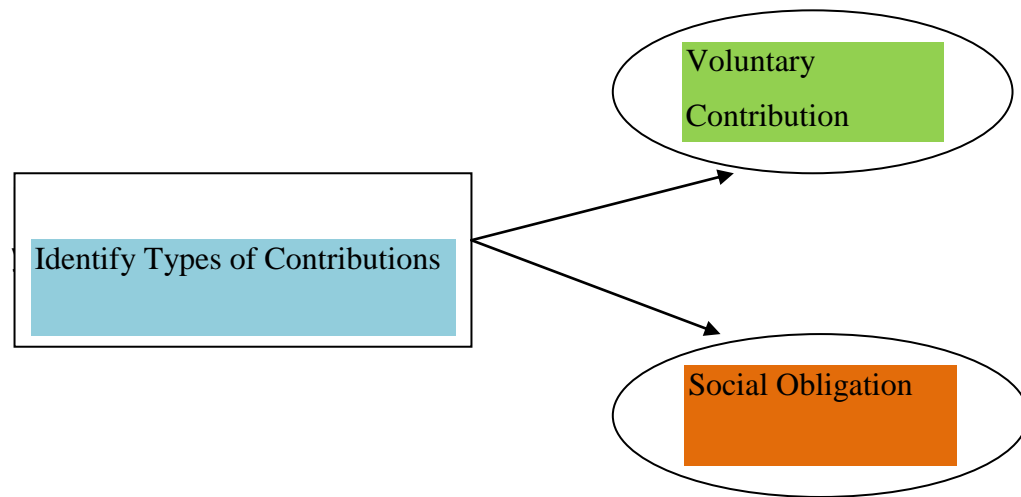
Figure 2.1. First Stage of Identifying Type of Social Contribution
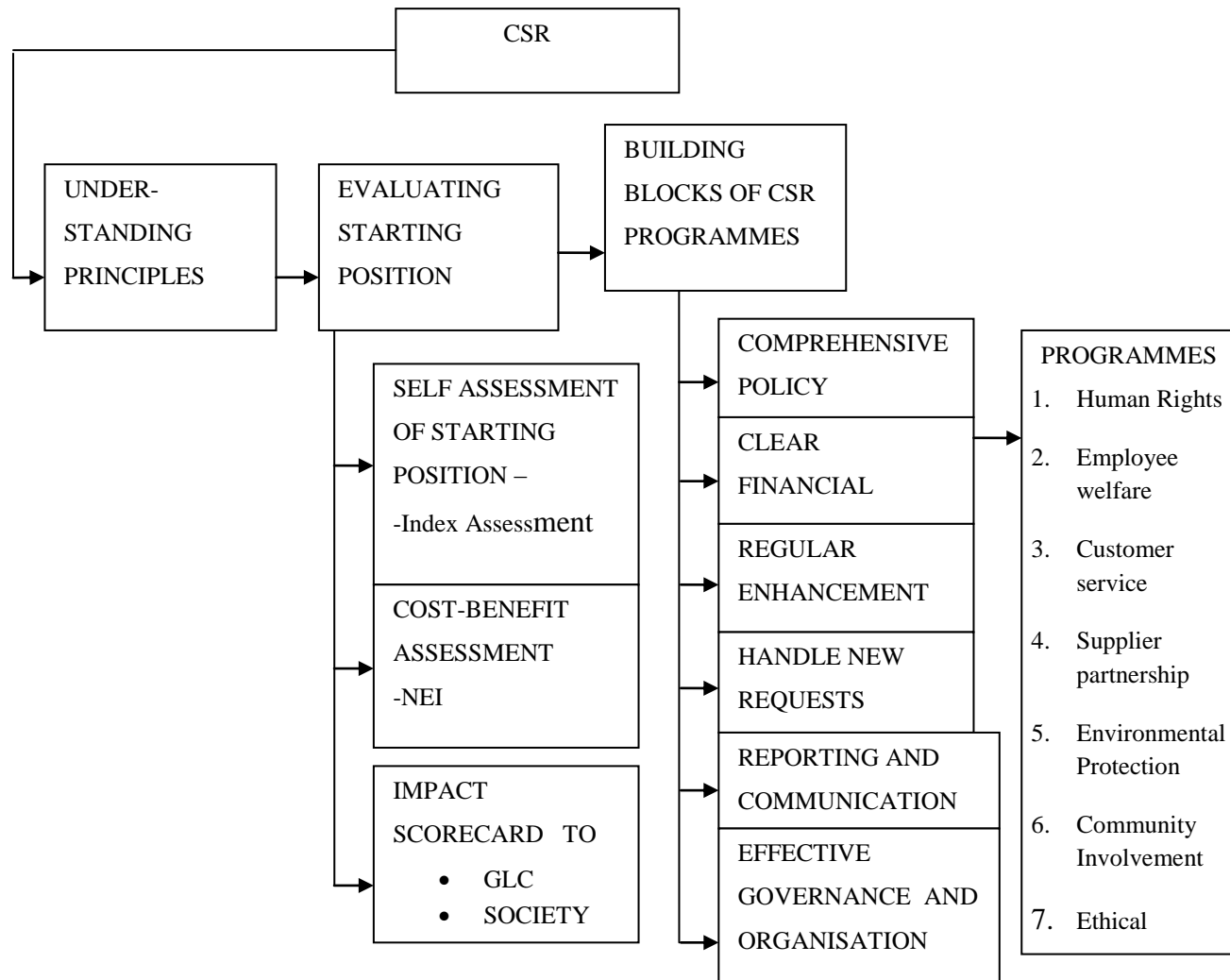
Figure 2.2. Guideline of CSR Implementation (Adapted from the Silver Book, 2006)

Figure 2.1 shows the initial two-step process for identifying the type of social contribution. It is identified in the Silver Book as the starting point before GLCs embark on formal implementation of CSR. The scope of contributions will be clearer once the type of contribution has been identified. Figure 2.2 shows how the Silver Book works. After identifying the type of contribution, GLCs must focus on how to start to implement CSR. Regardless of whether it is a purely voluntary or social obligation, GLCs are actually in a better position if they have a comprehensive programme to manage their social contributions. The guidelines from the Silver Book can assist GLCs in improving their CSR implementation. Understanding Principles has three main principles to guide GLCs on their CSR journey (see Table 2.3).

Table 2.3. Principles of the Silver Book

	Three main principles
Principle 1	Enhance the shareholders returns and meet the needs of stakeholders
Principle 2	Proactively contribute and benefit both the shareholders and the stakeholders
Principle 3	Manage contributions within the industry norm and relevant regulatory framework

Principle 1 states that GLCs should enhance their shareholder returns and meet the needs of stakeholders. Principle 2 states that GLCs should proactively contribute and benefit both the shareholders and the stakeholders. At this stage GLCs must ensure that their core areas of contribution must align with at least one of the National Economic Development Policies. Principle 3 states that GLCs should manage their contributions within the industry norm and relevant regulatory framework. Understanding these three principles are the core essentials of compliance according to the Silver Book compliance. Evaluating the starting position is significant as it informs GLCs about several aspects, such as the position of their contributions to society, how effective they are in managing their CSR, budget, and the outcome value derived thereof. The Building Blocks help GLCs in developing CSR programmes.

With the direction that GLCs have to provide quarterly reports, it is evident that CSR has moved firmly onto the national agenda and requires a serious response from them. However, since CSR is voluntary, no penalty will be given to GLCs if they decide to ignore the Silver Book.

2.6   Chapter Summary

The concept of CSR is accepted in Malaysia. In terms of understanding the real meaning behind the concept, it will take some time for a complete understanding. As a developing country, Malaysia is aiming to be fully developed by year 2020, and hence, Vision 2020 was developed accordingly. CSR is justified as one of the ways of achieving Vision 2020 although this has not been stated outright by the Prime Minister. Aside from that, the Malaysian Government has shown their serious effort in enhancing CSR in this country through establishing the Institute of Integration of Malaysia, providing initiatives to recognise CSR contributions, for example, the Prime Minister CSR Award, and launching the Silver Book. The Silver Book, which is a guideline for social contributions, outlines the best practice regulatory framework, and is specifically designed for GLCs. The Government has placed high hopes that GLCs will lead the way towards strategic CSR as they are the engine of economic growth.

In terms of CSR studies in Malaysia, the area is still under researched. CSR actually covers broader aspects beyond philanthropy. Other aspects, such as the environment, human capital and ethics, are also included in CSR. However, current studies in Malaysia show that most CSR research is linked to CSR disclosure, and only one specific study on the Silver Book was identified, which is also related to CSR disclosure. The accounting perspective still dominates the literature. This situation has led to the gap in the literature concerning CSR in Malaysia. This thesis aims to address the gap and contribute to CSR literature in the context of its management. The study will examine the acceptance and commitment towards implementing the Silver Book guidelines among GLCs in Malaysia. Other related aspects, such as motivation and challenges in adopting the guidelines and CSR will also be part of the study.

Chapter Three Literature Review

3.0 Introduction

This chapter explains the past and current Corporate Social Responsibility (CSR) literature, which has contributed immensely to the platform of CSR knowledge. The rationale for this chapter is to evaluate the growing concern of CSR concepts in business. The chapter explores various ways of understanding CSR in an effort to obtain significant sources of literature to support this thesis. CSR literature covers: the history of CSR, CSR concepts, CSR motivations, CSR standards, guidelines or frameworks (which include the previous practices and its evolution with regards to the role of business in society and the government involvement), CSR issues and theoretical perspectives. This will assist in the process of comparing, analysing, supporting and arguing the findings of this study in Chapter Seven.

The concept of CSR has a long history (Carroll, 1999) and has been researched for many years (Boal and Peery, 1985; Chapple and Moon, 2005; Zenisek, 1979), which has shaped CSR into various opinions and perceptions. The social, economic and political changes that are rapidly occurring, as well as many other aspects that are closely linked to business, have undoubtedly exerted pressure for business to change, and this time, the attitude is leaning more towards social responsibility. Different people have different perspectives concerning CSR, which has led to the development of the body of CSR literature. However, the main issue is how extensive and how well businesses are willing to accept the change and channel part of their wealth into social functions as part of business decisions. In previous practices, many did not realise that certain daily jobs and decisions that they were carrying out were actually part of the concept.

 Carroll (1999) argues that CSR is a product of the twentieth-century and the year 1960 denotes the beginning and significant growth in attempts to formalise CSR. Since then, the landscape of CSR definitions, theories, frameworks and methods of understanding the subject have widened. There are a significant number of previous

studies concerning the issues surrounding the practice of CSR. The issues covered vary according to the different interests in this subject, such as CSR and a company's performance, CSR and multiple stakeholders, CSR disclosures, managers' perceptions on CSR, attitude towards CSR and others. Other aspects that were studied included how CSR programmes were implemented (Ackerman, 1973), CSR and responsibility towards society (Andrews, 1973), and CSR and total quality management (McAdam and Leonard, 2003). All of these studies showed that the researchers' interest towards CSR varied, and that there is growing concern about this concept.

For the purpose of the research, this chapter analyses the past and current CSR studies. The analysis and evaluation are divided into several sections. First, the discussion looks into CSR history; second is CSR concept; third is CSR motivation; fourth is CSR related guidelines; fifth is CSR issues; sixth is theoretical perspectives on CSR, and finally the discussion on the gaps that exist in the literature and chapter summary will close the chapter.

3.1 The History of Corporate Social Responsibility

The purpose of this section is to understand the history behind the evolution of CSR. CSR, which is also identified as social responsibility (SR), has a long and varied history (Carroll, 1999) in its journey to receive such acclaim in the field of business and management. Carroll (2008) also noted that most formal writing on SR was found in the twentieth-century. However, it is mostly found in developed countries like The United States. The evolution of the modern and formal CSR construct according to Carroll (1999) began in the 1950s. In the 1950s, SR can be readily seen as a relationship between business and the community. Along the way, different kinds of concepts and interpretations have been labelled as CSR. Carroll (1979) is of the opinion that the book published in 1953 by Howard R. Bowen, entitled 'Social Responsibilities of the Businessman' marked a new era of SR. In this book, Bowen argued that businesses' actions affect the lives of the community. This indicates that Bowen was very concerned with the organisations' actions as the consequences may impact others. The 1950s also witnessed society's expectations of business as

covering a new spectrum whereby they preferred the organisations to balance their profit maximisation process with SR. This progress showed how society has shifted, or in fact, has a better understanding of the relationship between social and economic performance. It is not only the terminology that has shifted from SR to CSR. Corporate citizenship, corporate performance, and now many of the respondents for this research, identified CSR as Corporate Responsibility or CR, however, the field continues to become wider. CSR transcends charitable contribution or philanthropy to corporate sustainability. In addition, various approaches and theories have also emerged in relation to CSR. Nevertheless, there is no specific theory that fully encompasses CSR as the suitability is dependent on the kind of CSR research aspects. These assorted concepts or theories, which can be specifically linked to CSR, have made the CSR field unique.

The 1960s saw considerable development of CSR in the literature (Caroll, 1999) and marked a significant development to formalise CSR (Carroll, 2008). One of the important contributors to the CSR literature in this period is Davis (1960), who is widely known for his CSR concept of 'Iron Law of responsibility'. This concept actually relates SR and business power, in that he clearly explained that an organisation's SR actions must be commensurate with their social power. The idea of Davis was very practical and organisations should view it positively. However, one must remember that SR is no remedy for all the social problems in business (Bowen, 1953). A similar theme was discussed by Davis (1967), in which he rejected two ideas concerning business and SR. First, to those who defend business as having no responsibility to the society, and second the idea that business has total responsibility. The ideas of Bowen and Davis can be considered as looking at SR in a most fair way to both business and society. Two other important ideas of SR argued by Davis in this period were that SR should be seen in a managerial context, and that socially responsible business decisions could bring long-run economic benefit to the organisation. These arguments showed how Davis would like businesses to understand that CSR is not an ad-hoc idea but an issue that should be given serious management attention and organisational action to address it. Philanthropy was seen as the most observed manifestation of SR during this period.

The 1970s looked like period of awakening among businesses in connection with CSR. This period saw the concept of CSR proliferate and definitions became clearer, such as those provided by The Committee for Economic Development (CED), New York (1971), Steiner (1971), Davis (1973), and several others. They observed CSR by taking a broader perspective concerning the meaning of CSR, which will be explained further in the next section. However, all observations can be summarised as proposing that business and society must work together, albeit business must remain focussed on achieving good economic returns. CED's concept on CSR was deemed as a ground-breaking contribution (Carroll, 2008). CED relates business with public consent, thus business has to provide constructive support or help to the society. In this aspect, business is seen as having some responsibility and that they must uphold their credibility and legitimacy. The 1970s also saw several other terms related to CSR emerge, such as corporate social responsiveness and corporate social performance (CSP). Preston and Post (1975) diverted the concept of CSR to the term public responsibility. Both of them preferred this new term as they observed that the term SR is highly related to generalising social concern with only a minimal coherent relationship with management and business whereas the managerial responsibility is wide and unlimited. Zenisek (1979) suggested that CSR concept signified various actions like legal responsibility, fiduciary duty, legitimacy, and charitable contributions. These views have a certain similarity with the Silver Book whereby the guidelines put CSR in a broader concept and perspective.

The 1980s saw research on CSR move towards broader themes, such as corporate social responsiveness, CSP, public policy, business ethics, stakeholder management and a few others (Carroll, 2008). Although the theme CSP emerged in the 1970s, it continues to gain interest from researchers. Wartick and Cochran (1985), for example, presented their evolution on the CSP concept, which originated from Carroll's three-dimensional model. Carroll's model, which included CSR, corporate social responsiveness and social issues, has been changed by Wartick and Cochran into a framework of principles and policies. This framework, however, was refined by Wood (Wood, 1991a) into a model that consists of principles of CSR, processes of corporate social responsiveness, and outcomes of corporate behaviour that replaced

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policies. Wood's CSP model has been adapted for this study and a detailed discussion is presented in Chapter Four. The theme of stakeholder management or Stakeholder Theory, which is one of the important themes related to CSR in this period is explained in Freeman (1984). The theory is important in the area of CSR and is very much opposed to shareholder theory in the field of business.

CSR in the 1990s was not as glorious as in the previous years, especially concerning the aspect of emerging of new themes. Carroll (2008), however, observed that some themes that continued to gain merit included CSP, Stakeholder Theory, business ethics, corporate citizenship, and sustainability. The sustainability theme received enormous attention and began to capture the whole world. Although initially it is rooted in the natural environment, it began capturing the larger concept, which includes the social environment. In addition, the philanthropic form of CSR also expanded considerably during this period. The period of the early twenty-first century is viewed by Carroll (2008) as dominated by CSR or CSP research, linking to other pertinent variables. Thus, CSP very much attracted researchers in early 2000 and CSR has become a global phenomenon.

3.2 The Concept of Corporate Social Responsibility

This section aims to examine the concept of CSR and identify the best meaning. It will also look into the similarities and dissimilarities of each definition. In the last few decades, CSR has gradually gained prominence even though there are still concerns as to what actually constitutes CSR. Many have realised that the interface of business and society is intertwined like Carroll, (1979), and others such as (Porter and Kramer, 2006, Zenisek, 1979), which means that both parties are actually complementing each other. However, there are still debates concerning how far a company should use their profits to implement CSR. Business as a profit-oriented organisation should act in a meticulous manner to avoid being questioned if money is not wisely invested. What organisations do not realise, according to Porter and Kramer (2006) is that the benefits and prospects behind CSR to the business are tremendous. Porter and Kramer determined that the benefits would be towards competitive social and economic gains, provided they practiced context-focused philanthropy.

CSR is a concept that encourages organisations to consider the interests of society by taking responsibility for the impact of the organisation's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. However, Abott and Monsen (1979), and Ullman (1985) stated that measuring the concept of CSR is difficult. The Dow Jones Sustainability Index is normally used to measure economic performance, yet there is a question concerning the criteria used for its measurement. How important CSR is to a business or company is questioned by Bowen (1953), and he argues that SR is an important and serious matter that could guide business in the long run. This statement sounds very promising for a business to implement their CSR work. However, before moving further a clear CSR definition should first be ratified.

3.2.1 CSR Definitions

Various approaches to define CSR have emerged due to the lack of consensus on what the real meaning should be. The concept of CSR has prompted many debates and arguments. This has led to certain harsh judgments which imply CSR as being useless to organisations. At one end of the argument are those who hold to the belief that organisations should focus on profit maximisation and undertake minimal social involvement, whilst at the other end are those who insist that organisations should extend their profit and share with others. Such wide ranging views are reflected by the older, more conservative view of Friedman (1970), who argues 'against' the concept of CSR, and to the more recent view by Karnani (2011: 105) who wrote that 'when private profits and public welfare are aligned, CSR is irrelevant'. Interestingly, although several decades have passed, and with a variety of perceptions and judgements put to debate, CSR is still receiving global attention, which indicates that CSR is actually relevant and is important for business and organisations. However, the motives behind CSR must be clear. The CED (1971), articulated three CSR concepts: the inner circle, intermediate circle, and outer circle. The inner circle links firms and execution of basic responsibility. This is synonymous with the concept of business and the main priority, which is increasing shareholders' wealth, providing jobs, and assisting in economic growth. The intermediate circle is business responsibility, which is related to economic function, employment, environment and

customer satisfaction. The outer circle presents business responsibility towards social environment, which involves communities and more serious issues, such as to reduce poverty. These three circles undoubtedly explain clearly and precisely what responsibility should accommodate. The ability of organisations to understand this constructive definition, (and also other definitions, as presented in Table 3.1), may change their perception of CSR, and it should no longer be seen as vague and insignificant for the sustainability of a business. Table 3.1 summarises the opinions of several scholars concerning the definition of CSR. Further explanation and analysis on the definitions are explained next.

Table 3.1.Opinions on CSR Definitions

1953 - Bowen	SR is not a solution for all business social problems but it has important truth to guide future business.
1960 - Davis	SR is a decision made that goes beyond economic and technical interest.
1963 - McGuire	SR is not limited to economic and legal obligations but includes responsibility to society.
1967 - Davis	The substance of SR arises from concern for the ethical consequences.
1970 - Heald	The concept of SR must be sought in the actual policies in which they are associated.
1971 - Johnson	SR practices firms balances a multiplicity of interests: profits, employees, suppliers, dealers, local communities and the nation.
1971 - Steiner	Business, as an economic institution, has responsibility to help society and a philosophy of looking at social interest and business self-interest in the long-term
1973 - Davis	A firm is not being socially responsible if it merely complies with the minimum requirements of the law. CSR is a firm's consideration and response to issues beyond the economic, technical and legal requirements of a firm.
1972 - Votaw	CSR means something but different things to different people.

1975 - Preston and Post	Prefer the term public responsibility than SR. View public responsibility as unlimited scope of managerial responsibility.
1975 - Sethi	SR goes beyond social obligation.
1979 - Carroll	SR involves economic, legal, ethical and discretionary expectations.
1980 - Jones	CSR is a situation referring to obligations that corporations have to constituent groups in society other than stockholders and goes beyond the law.
2001 - McWilliams and Siegel	Actions to further some social good and going beyond obeying the law.
2006 - Windsor	A concept pertinent to how managers should handle public policy and social issues through three approaches: ethical responsibility, economic responsibility and corporate citizenship.

The concept of Davis (1960) actually relates SR and business power, whereby he explained clearly that an organisation's SR actions must be commensurate with their social power. In 1967, Davis included 'ethics' as a substance of CSR when he revisited his earlier CSR concept. Davis' idea is very practical. Practising ethical and morally acceptable behaviour in their daily work will definitely produce more benefits and organisations should visualise it positively. His other opinion on CSR in 1973 is justified by Carroll (1999), as a restricted definition of CSR because Davis excluded legal obedience from the definition. However, it is agreed that if an organisation has to follow certain rules or act due to the requirements of law, that is not an act of SR. This is because they have to comply with the rules in sustaining their business. As Davis (1973: 313) said, 'this is what any good citizen would do'. The justification here is that complying with the law is a part of a good practice like CSR.

The way McGuire (1963) views SR is quite broad and suggests that organisations should consider other responsibilities and not just economic alone. According to

Carroll (1999), McGuire's definition on SR is more precise as McGuire elaborated his definition by extending the responsibility of organisations to politics, community welfare, education, employee satisfaction and the whole social world. This statement actually tells businesses that they have a considerable responsibility beyond of profit maximisation. Heald (1970) did not describe in detail what he meant by his view on CSR. His definition, however, relates CSR to the associated policies. This could mean that before any CSR actions are taken, organisations should be very clear of their policies, what to achieve and who their target is. With this, it is easier to plan any CSR actions as the objective is aligned to the company's objectives.

Johnson (1971) viewed CSR from several angles. Johnson's view can be summarised as: first, CSR relates to a multiplicity of interests; second, CSR relates to additional profits; third, CSR relates to utility maximisation; and fourth, CSR is merely an exercise in lexicography, which suggests that firms acted as if CSR is important when in actual fact they do not really believe in it and do so only out of the necessity to keep the community satisfied. Although some truth may exist in all four views, the first view gives a clear direction of CSR to the organisation. This is because if organisations understand the concept of multiplicity of interests, they will not limit their focus to striving for profit only but will anticipate the response according to social norms and consider the implication and impact on the employees, suppliers, communities and other interested parties as well.

Steiner (1971) took into consideration broader dimensions of CSR rather than a specific interpretation or definition. However, it can be seen from his views that for a business to survive for a longer term, they cannot ignore CSR. Votaw's (1972) definition of CSR provides a picture of various meanings of CSR to each individual. Although the definition has been mentioned in Chapter One, it is significant to note here that despite the different and occasionally dissenting views and acceptance towards CSR, it shows that people are aware of CSR, associate with CSR, understand the wider context of CSR, acknowledge positive as well as unfavourable aspects of CSR and accept it as legitimate. Preston and Post (1975) preferred to use the term public responsibility to stress the importance of the public policy. Based on their

judgement, it can be suggested that the term public is more significant as it conveys the extent of responsibility of management, in operating their organisations and sharing their business life with public life. In other words, business is not just limited to obtaining and seeking wealth for shareholders, but has to take into consideration other aspects that support their business. Sethi (1975) described SR as going beyond social obligation, which means other than operating within legal constraints, organisations must ensure that their behaviour is congruent with the prevailing social customs, values and also performance. Carroll (1979) one of the most cited opinions in CSR, proposed a four-part definition of CSR in a CSP model. The four components, which include economic, legal, ethical and discretionary are important components expected from businesses by the society. Carroll's definition correlates with certain other previous definitions by other scholars. However, this is analysed as a balanced situation and is significant to both organisations and public.

In the 1980s, several scholars revised and contributed to the definitions of CSR. Jones (1980) stated in his CSR definitions that obligation includes two things: first, voluntary action and not coercive force to perform SR work, and second, it means broad actions although everyone knows that all firms are profit oriented. This means that a firm's obligations must not concentrate on profit alone. Carroll (1999) noted that the major contribution of Jones (1980) in relation to CSR literature and research was his emphasis on CSR as a process. Jones (1980) argued that CSR should not be seen as a set of outcomes but as a process. This contradicts Holmes (1976) who added outcomes to CSR. In 1983, Carroll further elaborated on his original four-part definition of CSR and added that the primary conditions that must be met in order to qualify as a socially responsible organisation: economically profitable, obedient to the law, always ethical in conducting business and extent of social support, that is how far they willing to contribute their money, time and talent towards maintaining harmony with the community (Carroll, 1983).

Looking at all the definitions, it is quite clear that the focus and explanation might be different, but there are certain similarities in some aspects, such as social contribution; alleviating poverty; a voluntary basis; and various stakeholders, such as

employees, suppliers, customers and even the authorities. The approaches can be divided into two perspectives: economic and non-economic. The economic perspective is then divided further into two divisions. One solely focuses on profit maximisation, while the second focus is that CSR should be extended to other stakeholders rather than just shareholders as they believe the CSR climate has moved wider towards the people surrounding their business (McGuire, 1963). McGuire believed that by attending to multiple stakeholders, it is highly inconsistent with the main aim of any organisation (private companies), which is to maximise shareholders' profit (McWilliams and Siegel, 2001). However, most researchers consider CSR should be moving towards the non-economic theme without neglecting the economic focus (refer Table 3.1). This is deemed important because for businesses to be involved in CSR, their financial status should be in a very established position. Davis (1960) referred to CSR as the decisions and actions of businessmen taken for reasons at least partially beyond the firm's direct economic or technical interest. Steiner (1975) defined the CSR concept as a range of responsibilities from 'traditional economic production' to 'government dictated' to 'voluntary area' and to 'expectations beyond reality'.

Based on the various fields of SR outlined in the various definitions, it can be judged that CSR encompasses a broad spectrum including economic, legal, ethical and discretionary (voluntary activities). In other words, CSR is ethically driven and also focuses on organisational benefit. McWilliams and Siegel (2001) defined CSR as actions that appear to further some social good, beyond the interests of the organisation, and beyond obeying the law. This implies that seriousness in its implementation must accompany the action if CSR activity is taken by the organisation, and not just be carried out because of the law. Based on the above literature concerning the definition of CSR, it can be justified that effective CSR practices should contain elements of economics, ethical, legal, political and discretionary or social elements. This will be further explained in the next section.

3.2.2 Elements or Sources of CSR

This section briefly explains the five elements of CSR- economics, legal, ethical, political, and discretionary or social. Elements or sources of CSR are defined by Buhmann (2006: 191) as 'factors that serve to inform the normative substance' and comprise non-legal or social norms and legal norms. She further described that for non-legal components, sources include ethical norms, corporate values, behavioural norms, and codes of conduct. Conversely, legal norms of CSR comprise, for example, human rights law, labour law, environmental protection, occupational health and safety, remuneration and a few others. Although CSR is voluntary, if organisations decided to pursue CSR actions, they have to adopt both non-legal and legally binding norms. In between legal and non-legal norms, the responsibility of an organisation can be categorised into four main categories: economic, moral or ethical, legal, and discretionary or philanthropic (Carroll, 1979).

The aspect of economics implies that business organisations are always expected to earn higher profit as a reward for their shareholders. Windsor (2006) identified economic responsibility as advocating market wealth creation subject to modest public policy and customary business ethics. A similar view was derived from Klonoski (1991), and Garriga and Mele (2004), who described economics as an instrument for profit creation, although the former has a strict view that the only social responsibility of a business is to increase profit in accordance with the law. This view is similar to Friedman (1970) in which business does not have to be responsible to others accept for the shareholders.

Ethics or moral principle is significant in any aspect of life. In doing business, for example, organisations should govern their operations with ethics or good values as business affects many people. Ferrel and Gresham (1985) wrote that most people agree that moral principles or values should govern decision making actions in the marketing field. Although Ferrel and Gresham considered the marketing area, the ethical aspect applies to all aspects of doing business. According to Dubinsky and Loken (1989), the general public has became very aware of how organisations conduct their business. Due to this scenario, the ethical conduct of business has come

under increasing public investigation over the past 20 years. Moir (2001) described ethics as an essential foundation of business through which business improvement and better communities develop. Moir's opinion is significant and any kind of business must understand this basic foundation if they wish to remain acknowledged by people and be competitive. Ethical investment, for example, is seen by Panwar, Rinne, Hansen and Juslin (2006) as encouragement for organisations to pay attention to CSR.

Concerning the legal aspect, organisations must obey the existing law in conducting their business operations. Organisations are expected to fulfil their legal responsibilities (Carroll, 1998). Carroll further noted that any businesses or organisations that wish to be associated with good corporate citizens should integrate legal compliance into their business strategy and management. Therefore, how it is related to CSR should be seen in the aspect of how organisations treat their employees, and respond to the environment. The political aspect is one of the vital elements of CSR. Garriga and Mele (2004) identified the political aspect as social power and that organisations have this power. With this advantage, organisations have power in society and they must use this power responsibly towards social duties and in political aspects.

The social or discretionary aspects relate is related to a decision in which a business should integrate social demands (Garriga and Mele, 2004; Mele, 2008) while pursuing its goal for wealth creation. Wood (1991a) viewed that organisations should alter their corporate behaviour (from total profit-based behaviour) and produce more beneficial results for society whereas Klonosky (1991) considered that any action of corporations towards social dimension is particularly relevant. Thus, based on these views, it can be briefly summarised that organisations should take social demands as part of their culture or integrate into their strategic business objectives, so that it is aligned with the wealth creation process.

3.3   Motivations for CSR

This section presents the literature reviews that are related to CSR and motivations. What motivates organisations to get involved in CSR varies with each organisation having its own reasons why they invested in CSR programmes. Given the potential of CSR for many people and its role for organisations, it is beneficial to know the motives or what drives CSR. Buhmann (2006) defined drivers as factors that motivate actors (organisations) to act on sources. At one time, investment in CSR became a hot issue based on the premise that organisations are only responsible to the shareholders. However, things began to change. Bhattacharya, Korschun, and Sen (2009) wrote that CSR is currently an important component of communication between organisations and their shareholders. This is actually echoed from two earlier studies (Smith, 2003, and Berger, Cunningham and Drumwright, 2007). This could be very true as shareholders definitely have a certain right to know the outcomes behind any CSR investments. Heslin and Ochoa (2008) hold that supportive external stakeholders are a driver for CSR. Although several reasons or drivers were identified in the previous study, three common reasons that are identified as the drivers for CSR implementation include: strategic, normative, and reputation.

The literature associated with these drivers, such as strategic or economic conditions, as discussed by McWilliams, Siegel and Wright, (2006); Husted and De Jesus Salazar, (2006); Buhmann, (2006); Fukukawa, Balmer and Gray (2007); and Baron (2001), included attracting new and better investment (local or global). For this driver, Waring and Lewer (2004) wrote that socially responsible investment in advanced capitalist countries like the USA (up by 13% since 1997), the UK (estimated worth $US327 billion in 2001) and Germany (just over $US2.2 billion). The figures signify that significant growth was experienced in ethical investment in these countries. Motivation in relation to the normative or moral sense of obligation (Fukukawa et al., 2007; McWilliams et al., 2006; Porter and Kramer, 2006; Buhmann, 2006; Baron, 2001; Bowie and Dunfee, 2002) focuses on ethical business practices. Reputation as a driver for CSR (Caves, 1996; Fombrun, 1996; Griffin and Mahon, 1997), such as positive image and branding (Porter and Kramer, 2006; Buhmann, 2006), is one of the notable elements associated with motivation towards

CSR implementation. However, Bhattacharya and Sen (2004) viewed that there is persistent lack of a clear relationship between positive returns and CSR. Other motivations for implementing CSR are listed in Table 3.2, which outlines the potential benefits from CSR, as depicted by Kotler and Lee (2005). Kotler and Lee's points on motivation were similar to what has been previously identified from the literature.

Table 3.2. Business Benefits of CSR Practices

Kotler and Lee (2005)
• Enhanced corporate image and clout
• Increased sales and market share
• Strengthened brand positioning
• Increased ability to attract, motivate and retain employees
• Decreased operating costs
• Increased appeal to investors and financial analysts

Baron (2001) divided motivation into strategic and socially responsible motives. Fukukawa et al. (2007) identified three motives or foundations for ethical practices (CSR) in organisations: altruistic, strategic, and external force. The altruistic motive is seen by the authors as a decision from top management. Although there is not much of an explanation given by the authors, it is believed that if the leader of an organisation has a positive attitude and good morals, they will not hesitate to act responsibly and implement CSR. In the strategic aspect, Fukukawa et al. (2007) believed that competitive advantage in doing business triggered organisations to be socially responsible. This is in-line with the idea of Porter and Kramer (2006) that CSR will lead to a competitive advantage and business sustainability. The third motive is external forces. This is another strong point that Fukukawa et al. believed will play a big role in why organisations act ethically. External force, such as legislation, and if it is internationally recognised, like labour law and environmental law, is a big push factor. This means that in order to survive and face global competition, they have to follow the regulation. Thus, this could also be one of the

motivation factors of CSR. McWilliams et al. (2006) viewed that motivation could be derived from strategic (use of CSR), coerced or practical responsibility.

Husted and De Jesus Salazar (2006) analysed three organisational desires to engage in CSR: altruist, coerced egoist, and strategist. For the case of altruism, both argued that social output must be extensively measured as the result will determine how far an organisation is willing to invest in social investment. Coerced egoism is being described by both authors as situations in which companies may be coerced into social investment for the sake of growth and survival in business. The example can be seen in an environmental kind of business. If there is an absence of some form of coercion (such as regulation), organisations may not or minimally invest. The strategic case is a situation whereby a company that makes a social investment will indirectly receive additional benefits, such as a positive reputation, which lead to more profits. Such a decision could be made provided that governmental intervention exists, due to cost reduction or differentiation of products (Reinhardt, 1999). This strategic case is seen as a decision that may motivate social investment due to several benefits a business foresees that they may obtain. Furthermore, the benefit is believed to be linked to long-term benefits rather than short-term benefits.

Porter and Kramer (2006) observed that proponents of CSR listed four reasons for CSR: moral obligation, sustainability, licence to operate, and reputation. Moral obligation or ethics is very much related to a duty as good citizens and ethical business practitioners. Although both of them felt that there seems to be a stigma attached to the word moral practice, they were optimistic that the CSR field remains strongly attached with a moral imperative. Sustainability emphasises the natural environment as well as the social environment. This thesis agrees with one superior definition of sustainability by the World Business Council for Sustainable Development (WBCSD): 'Meeting the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainability is seen as a strong criteria linked to CSR. This theme, which started to emerge in the 1990s, has continually received tremendous attention globally. Licence to operate is linked to the permission received from the authority (government), stakeholders and communities

to operate a business. Porter and Kramer (2006) viewed this approach as common, because there are rules for everything including starting a business. They admitted that stakeholders' views are definitely vital, yet these groups can never fully understand the organisations' position like competitive advantage, trade-offs and so on. However, organisations must remember that because of this authority, they must operate on the basis of social legitimacy.

Reputation is related to a company's image and brand name. Porter and Kramer (2006) and Bansal and Roth (2000) considered supportive external stakeholders and reputation as an action taken by organisations to satisfy external audiences and also as a licence to run the business. In addition, there are cases in which organisations pursue CSR as a form of insurance as the implementation might reduce public criticism about their operation. Many people have the impression that an organisation's case for being involved in CSR is because it helps to improve their reputation, and so does the literature. Due to this justification, even if some honest cases of why organisations implemented their CSR exist, it does not often surface in the literature. However, in reality, one cannot refrain from thinking about the concept of CSR as insurance (Porter and Kramer, 2006). Buhmann (2006) identified several factors: normative, economic, reputation, and desire to be a trendsetter as factors that motivate CSR actions. Buhmann viewed that motivation could derive from a mix of economic and non-economic factors. On a similar note, Panwar et al. (2006: 5) view that 'companies at the leading edge of responsibility issues are often not motivated by instrumental use but rather act out of internally motivated, ethical considerations'. All the literature provides fair evidence concerning the reality of the practice, in which organisations have many factors to consider in undertaking any CSR activity.

3.4   CSR Related Guidelines

This section provides literature on guidelines and standards concerning CSR. McAdam and Leonard (2003: 39) wrote that in considering CSR, one has to consider communities, employees, customers, products and services, market strengths and opportunities for improvement. There is no formal regulatory mandated on CSR, however, CSR and law do interact in some ways related to the above aspects of CSR.

According to Buhmann (2006: 194), 'government regulation of CSR has variety of forms (which) emanates from regulatory bodies...(and)(it) may be formal, binding law or it may be recommendations that are intended to have a guiding effect but have no legal standing'. Although that is the case, the fact is that laws are widely used to guide CSR actions and reporting such as the Global Reporting Initiative (GRI).

International law also plays a considerable role in CSR implementation. The most obvious are laws pertaining to human rights, the environment and labour. Buhmann (2006) highlighted that certain investors increasingly screen their investments to avoid investing in organisations that may pose CSR risks like violating human rights. Linnik and Thorsen (2008) described that there are many reasons why organisations should adopt minimum CSR standards. According to them, standards would assist in clarifying responsibilities, and this will protect organisations from arbitrary allegations and demands from various stakeholders. Some authorities and organisations have shown their high commitment in promoting CSR either through the introduction of new guidelines, standards and regulations or even policy. This growing concern can be seen through several initiatives and principles from major international organisations such as: the United Nation (UN), the Global Compact Initiative, the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD), the European Union (EU) and the World Bank. These organisations have endorsed CSR and established guidelines as an essential part of business operations.

3.4.1 The UN Global Compact (UNGC)

The UN Global Compact which was launched in 2000 is a guideline related to CSR action. It is formulated by the UN and is a voluntary initiative. This means that the compliance is not compulsory. The guideline is designed to give business a framework for operating in line with ten key principles, covering the areas of human rights, labour, the environment, and anti-corruption (information on the Global Compact is on the United Nation's Global Compact website at http://www.unglobalcompact.org). The ten principles (see Appendix 3) were built on declarations and conventions such as the Universal Declaration of Human Rights, the

Rio Declaration, ILO's Declaration and the UN Convention, which are not legally binding. Though the guideline is internationally accepted and consulted it is seen as morally and politically guided (Buhmann, 2006).

The UNGC has declared ten principles. The principles outlined have some similarities with other CSR related theories. The difference is just in terms of how it is presented. For example principle 10 has the same meaning with the elements of ethics in Carroll's and Wood's CSP Model and the Silver Book (as outlined in the previous chapter). However, debates still exist concerning the idea and logic of CSR as some people considered as vague, if organisations blend it into their business strategy. If these international guidelines and frameworks could not prevent certain unpopular perceptions on CSR, perhaps there are other CSR guidelines that need to be examined or integrated into the existing theories to create a more complete theory of CSR. The other debate between firm profitability and CSR also remains unsettled and to add further confusion, the idea of regulatory or voluntary CSR also gained high interest for the companies, authorities and ordinary people. The issue has lead to the argument that other important elements need to be embedded into CSR guidelines to enhance its level of sufficiency, however, it is the companies' commitment in implementation and compliance that will determine whether this intensely confused issue of CSR shall be solved. Thus, it is important to focus on the best way to manage and implement CSR rather than continuously debating the concept, definitions, benefits and so on. The CED (1971) and the Business Roundtable (1981), stated that less debate should be channelled to CSR and issue of profit maximising, but rather more attention should be given to what these responsibilities are, and how they should be managed.

Despite some success, the UNGC has its flaws. Kinley and Chambers (2006) highlighted that due to the voluntary nature of the guideline, many companies choose projects that are not aligned with their core business practices. Based on their statement, they seem to have a sense of unsatisfactory regarding the 'voluntary' concept. A different result may arise if the guideline is not a voluntary initiative. There are an abundant amount of specific laws which are related to the ten principles

of UNGC. The UNGC is a good guideline as its intention is to increase global awareness on social issues, though this depends on the organisations themselves absorbing and acting in an accountable manner in terms of social practices. However, as Daugareilh (2007: 67-68) expressed, 'the Global Compact acted as a trigger-factor, raising corporate awareness of human rights issues, and is expressed in very "soft" language, without any threat of sanctions of disapproval, simply requiring companies to state that they have joined it'. Furthermore a voluntary approach can only go so far towards changing corporate behaviour.

3.4.2 The Organisation for Economic Co-operation and Development (OECD)

The OECD guidelines are another global framework that promotes CSR. The guidelines introduced the principles of Corporate Governance in 1999. The principles have since become an international benchmark for policy makers, investors, and other stakeholders worldwide (OECD, 2004). The OECD is also a voluntary initiative. In one of its reports, the OECD (2001) stated that voluntary initiatives in CSR have been a major trend in international businesses. The guidelines refer to sustainable development, good corporate governance, and capacity building. Hohnen (Dec 2008-Jan 2009) highlighted that the OECD guidelines promote CSR in the international arena by associating it with specific building blocks that need to be followed for CSR to function effectively. However, the guidelines do not include effective provisions for remedies for breaches. The other issue is that the guidelines are intended only as recommendations. As for its strength, the OECD (2001) reported that it identified CSR benefits as mostly related to laws and regulation, such as improved legal compliance.

3.4.3 The International Labour Organisation (ILO)

The International Labour Organisation (ILO) focused on the Fundamental Principles and Rights at Work. The ILO is an important framework for international CSR regulation as it is highly supported in the 2007 G8 Summit Declaration. The Summit also suggested to strengthen the principles of CSR through ILO standards, high environmental standards and better governance (Clavet, 2007). Due to this

suggestion, the Declaration stressed that the OECD, ILO and Global Compact have to work together in providing a more visible guideline and clarity to the CSR standards. The ILO framework represents a multi-stakeholder approach and is limited to labour rights. For decades, the ILO has been emphasising the four core labour rights globally, such as freedom of association, elimination of compulsory labour, elimination of child labour, and elimination of discrimination. All these rights should unquestionably be included as minimum CSR standards (Linnik and Thorsen, 2008). However, there are beliefs that the ILO should do more in ensuring that globally all organisations should adhere to minimum CSR standards, as the ILO rejected the idea of not supporting the suggestion of legally binding minimum CSR standards. Although ILO guidelines are accepted globally, they are still like many other frameworks, voluntary and limited to core labour rights. Those who supported a minimum legally binding CSR standard viewed the ILO approach that CSR is beyond the law as counter-productive (Linnik and Thorsen, 2008). The ILO also has weak measures for implementation and enforcement.

3.4.4 The European Union (EU)

The European Union (EU) introduced the Green Paper, which promotes a European framework for CSR (Green Paper, 2001), and also a book, CSR: A Business Contribution to Sustainable Development in 2002. The document includes the principles underlying CSR and also introduces some information on the sustainability tools. The EU did not only promote the framework and sustainability issue but seriously stressed on CSR reporting. The other important issue that is argued in this paper is about voluntary practice of CSR. This is where the EU (throughout its document) encourages CSR action for reporting by taking the ILO standards and OECD guidelines as minimum standards (Commission, 2002).

3.4.5 The Global Reporting Initiative (GRI)

The GRI was established in 1997 in the United States with the aims to set globally applicable guidelines for environmental, economic and social performance reporting (GRI, 2002). In monitoring the guidelines, a stakeholder council was appointed to continuously evaluate the contents of the reports. According to Hedberg and von

Malmborg (2003: 156), the main reason for starting the GRI project was that there were no guidelines for a voluntary Corporate Environmental Report (CER) and there was also no solid confirmation of what CSR should contain. Thus, since reporting is voluntary, the GRI has been developed to assist in CSR reporting. However, it is important to note that the GRI is just a guideline, which means that organisations have an option either to adopt the guideline or not. In simple words, this condition is similar to the Silver Book, whereby, there are no concrete demands imposed for organisations to use the guidelines, just recommendations. Thus, organisations are free to use whatever level of reporting that suits their situation (Hedberg and von Malmborg, 2003).

There is a certain cohort of people who believe that CSR is not significant for business, which is why it is not included in the financial reporting. Furthermore, CSR is voluntary and there is an assumption that the report would not attract many people to read it. However, according to GlobeScan researchers, in 2004 their study shows that CSR reports (non-financial reports), are studied by investors, stakeholders, and also consumers. This survey indicates that although it is not financially written, it does attract others who might have different opinions concerning CSR.

3.5 CSR Issues

This section analyses the issues surrounding CSR implementation. Porter and Kramer (2006) identified four significant arguments from proponents of CSR: moral obligation, sustainability, licence to operate, and reputation. However, they commented that none of these four arguments offer sufficient guidance for the organisations to make their decision. Although Byrne (2007) wrote that scholars differ concerning what kinds of issues should be included under CSR, a few considerations include CSR and profit maximising, CSR and social demands satisfaction, CSR and ethical values, CSR and political power, CSR and the environment, CSR and its value, CSR and public relations, and others. The other important issues, as mentioned in the introduction section, pertain to the three significant views of CSR that have been vigorously debated among scholars. The first issue in CSR is that the organisation is only responsible to the shareholders

(Friedman, 1962; 1970), which is to maximise profits. The second issue is that the organisation is not just responsible to the shareholders but also to other stakeholders (Freeman, 1984), and the third issue maintains that CSR has no basis in business but acts as a tool to increase a business reputation or image as has been highlighted by Davis (1960). However, for a clearer explanation, the first and the second issue are explained under one section. These issues are further analysed in the next section.

3.5.1 The Relationship between CSR, Shareholders, and Multiple Stakeholders

The relationship between CSR, shareholders and stakeholders has stimulated various views, interests and debates among business practitioners, researchers and others. If an organisation were to follow Friedman's (1970) view, the only responsibility of a business is to 'increase shareholders' wealth'. However, if an organisation prefers Freeman's justification, business is not only responsible to shareholders but also includes other stakeholders. Wang (2009) expressed in his research that a company should balance the interests of various stakeholders. Similarly, McDonald and Puxty (1979) highlighted their view on CSR as a 'sharing instrument' between shareholders and other stakeholders. The continued existence of companies within society and support from the society is concomitant with their responsibility to that society. This view is similar to Freeman's (1984) concept of CSR whereby organisations must also show their concern towards various parties that are related to their business. Focusing performance on satisfying shareholders only is not believed to be a positive move for long-term or business sustainability.

CSR, which is linked to responsibility to multiple stakeholders, is not acceptable by certain people. The issues of who are included as stakeholders, how is business supposed to have a relationship with society, and how can companies balance a variety of competing interests (Kaler, 2006) have been the subject of numerous arguments. In responding to this issue, the argument made by Kay (1997) was quite straightforward. The simple argument was that shareholders do not own companies (except for certain property rights), and in fact no one owns companies. Therefore, Kay (1997) viewed that the directors are the trustees for various stakeholders, which

includes shareholders and it is believed that because of this condition, directors has a right to decide on CSR implementation of an organisation.

Many organisations which were sitting in a comfort zone (CSR is voluntary) now realise that corporate success and social welfare are bound together if a business wishes to be sustainable, innovative, and maintain competitive advantage (Porter and Kramer, 2006). Porter and Kramer (2006: 2) also wrote that 'the prevailing approaches to CSR are so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society'. In this respect, those who could not picture of the benefits derived from CSR activities, and furthermore, viewed that CSR is hard to measure, did not actually see this as a serious problem. However, it is different for the proponents of CSR. Porter and Kramer (2006) further added that if mutual dependence exists between organisations and stakeholders, both parties would gain long-term benefits. Another party considered as stakeholders and significant regarding the CSR issue is the government. Buhmann (2006: 189) extensively discuses in her writing the relationship between CSR and the government. She wrote that 'CSR is also an issue of potential significance to governments in welfare states and in developing states'. In this situation, Buhmann viewed that if organisations funds CSR activities, thus the government could focus and use their funds towards other purposes. Most important here is, the funds that the government will be using for the country will one day benefits the organisations, thus the relationship between CSR, shareholders and stakeholders are always intertwined.

Other past research concerning CSR and the interests of other stakeholders, for example customers, employees, suppliers and society at large, was conducted by Freeman (1984); Donaldson and Preston (1995); Wood and Jones (1995); Mitchell, Agle, and Wood (1997); Windsor (2001), and CSR disclosures (Cochran and Wood, 1984; Friedman, 1970).

3.5.2 The Relationship between CSR and Business

There is ample literature pertaining to CSR and its relationship with business. The present situation emerged as business should assume responsibilities beyond economic considerations (Panwar, Rinne, Hansen and Juslin, Panwar, et al., 2006), which means business should now consider other aspects, such as social and environmental issues. Porter and Van der Linde (2000) identified that improved in environmental performance will lead to competitive advantage. Hay and Gray (1977) categorised CSR progress in three stages: profit maximisation management, trusteeship management, and quality of life. The three stages identified by both authors informed that the profit motive objective of a business remains the top priority, and trusteeship management is believed to emerge due to external group pressure on businesses to act responsibly. Stage three refers to a situation in which society needs more than economic success as various issues emerge. In this aspect, society is actually sending a message to organisations that, in doing business, they have to consider other peoples' lives as well as be responsible towards the environment. Wood (1991a) defines the relationship of business and society as interwoven rather than as distinctive entities. This means that society may have influence on the CSR activities taken by organisations.

Meanwhile, Schwarz and Carroll (2008) identified five primary contenders in the field of business and society: CSR, business ethics, stakeholder management, sustainability, and corporate citizenship. This view received several criticisms as many see that the contenders should incorporate others rather than standing on their own. For example, CSR is part of business ethics (De George, 1987), and there are also other suggestions that CSR incorporates business ethics, as explained by Joyner and Payne (2002). These views are actually aligned to Wood's (1991) stance that business and society have a relationship.

Various literature (Johnson and Greening, 1999; Strike, Gao and Bansal, 2006) also linked CSR and the size of an organisation, whereby the larger the size, the greater its involvement in CSR. Logically this sounds correct as large organisations usually have a stronger budget or financial aspect. Thus, they are more capable of implementing a

larger scale of CSR. Johnson and Greening (1999) clearly stated that firm size does affect CSR ratings, and larger organisations are deemed to be more transparent about their CSR operations (Strike et al., 2006). However, Lantos (2001) argued that CSR serves as an excellent tool to market the organisation. Strike et al. (2006) believed that the reason behind being transparent is to increase their good image. Fombrun (1996) also linked CSR and reputation where he analysed that if larger firms acted socially responsible, this will indirectly protect their reputation as they are prone to media scrutiny. All these situations have an impact on business. While these reasons are believed to be true, there are also other possible reasons. One thing that is perfectly clear is that larger firms are normally more visible, receive more attention, and on occasion are prejudiced by others.

Porter and Kramer (2006) have a strong point of view concerning the interdependence between society and business. In their opinion, any organisation that ties CSR to the business strategy and operations will find that its success is not temporary. One important argument made by Porter and Kramer was that businesses can be a source of opportunity, innovation and achieve competitive advantage if they implement CSR using the same strategy for their business. Both also believed that successful organisations need a healthy society. Mitchell (2007) believed that the role of board of directors in enhancing business is vital, and through focusing CSR efforts (without neglecting internal focus such as being concerned about employees' welfare and safe working conditions) on them, business may be achieving good results. However, society needs employment with a steady income, which normally comes from successful organisations because they are able to improve social circumstances. This circle indicates that business and society are interdependent, however, all parties must understand that a business cannot solve all of society's problems and is not responsible to cure all problems, unless it is very much interconnected with their business (Porter and Kramer, 2006). The literature clearly shows that a business has its own priority. They are not responsible to heal all of society's problems. If they wish to extend their good deeds, they must also anticipate what benefits may be derived from their contributions and how they impact their business. In responding to this issue, Husted and De Jesus Salazar (2006) believe that organisations should

measure their social output. Both also viewed that the cost-benefit analysis (CBA) is useful to calculate the costs and benefits of social projects. They further added that this method is commonly used to measure social projects undertaken by governments and intergovernmental organisations, such as the World Bank. The assessment of CBA is also stated in the Silver Book in connection with CSR implementation, and this confirmed that the process is significant as it will inform the organisations of their budget for CSR.

In brief, the above situations portray that business and CSR (communities, societies, or stakeholders) have a mutually dependent relationship. Most importantly, CSR is able to influence business and the field continues to grow (McAdam and Leonard, 2003). This implies that business strategic decisions and social policies must follow the principle of shared value, however, both parties must benefit from the decisions made (Porter and Kramer, 2006). Although Porter and Kramer were very confident in their argument pertaining to the relationship between business and society, there are other researchers who are not satisfied with social investment. Thus, it is suggested that extensive measurements for social output should be carried out for better judgement.

3.5.3 CSR and a Firm's Financial Performance

CSR and business performance is one of the significant issues that has captured people's attention concerning management discipline. Barnett (2007), Orlitzky, Schidmt and Rynes (2003) argued that CSR is considered strategic for the business due to their contribution to financial performance. These researchers were positive that an act of CSR generates financial returns to a business. In a similar vein, Mackey, Mackey and Barney (2007) suggested that some attitude of SR may improve an organisation's financial performance. Many other researchers are still sceptical concerning the positive business performance that organisations might receive from investing in CSR. This is clearly expressed by Cochran and Wood (1984: 47) who highlighted the suspicions concerned. This is due to several conditions identified, such as incorrect specification of a financial performance proxy, a small sample size, and questionable methodology involved in the past research concerning this issue.

Such examples include studies carried out by Bragdon and Marlin (1972), Preston (1978), and Ingram (1978). However, Husted and De Jesus- Salazar (2006), and Waddock and Graves (1997) found that corporate social and environmental performance does have a positive impact on business performance. Gildea (1994) wrote that companies that show concern towards the environment and exhibit good CSR practices experience increased consumer purchase. Others like Sen, Bhattacharya, and Korchun (2006), and Domini (1992) focused on the link between CSR and potential investment for business whereas Greening and Turban (2000) discussed the positive effects between CSR and job seeking intent. All of these results point towards a positive reaction between CSR and a firm's financial performance. However, those like Friedman (1984), Griffin and Mahon (1997), and their proponents do not accept this finding. Many other researchers had studied the same subject. Table 3.3 below summarises the findings from the literature.

Table 3.3. Views on CSR and a Firm's Financial Performance

Authors/Researchers	Positive Relationship	Negative Relation-ship
Hickman, Walter and Kohls (1999)	✓ (lower turnover)	
Turban and Greening (1996)	✓ (high reputation, more competitive advantage)	
Graves and Waddock (1994)	✓ (high CSR, better investment in the long term)	
Aupperle, Carroll and Hatfield (1985)	No relationship	

3.5.4 CSR Implementation

Carroll (1999) identifies Wallich's (Manne and Wallich, 1972) view whereby three basic elements are involved in implementing CSR: setting objectives, the decision whether to pursue objectives, and the financing. These three elements can be considered as signalling a clear message to the businesses that CSR implementation should not be taken lightly and that the procedures for establishing objectives to ensure adequate financing should be given greater emphasis. This is in line with the view of Bhattarcharya, Korschun and Sen (2009) in that implementing CSR activities is not an easy task and is at times quite challenging. The same intonation came from Porter and Kramer (2006) whereby they shared their observation that companies do face some degree of struggle in managing CSR effectively. This could be due to the wide range of issues incorporated into CSR agendas. At present, CSR is no longer seen as just philanthropy but is moving towards strategic CSR. Furthermore, according to McAdam and Leonard (2003), the long evolving history of CSR saw several other elements, aside from the community, being integrated with CSR instead of community, such as the workplace (employees), marketplace (customers and suppliers), the environment, ethics, human rights and sustainability. They further viewed that CSR creates pressure for organisations to go beyond focusing on the perspectives of taxes, employment and the benefits, such as wages, as it integrates a wide range of issues. Thus, CSR requires organisations to satisfy other considerations, such as ethical or moral, and the environment.

Walton (1967) emphasised three essential ingredients for CSR: voluntarism, cooperation with the other voluntary organisations, and acceptance of the costs involved. The aspect of costs or finance involved in CSR implementation, as pointed out by Walton (1967) shows that the adoption of CSR must be done systematically. It is believed that the systematic adoption of CSR implementation can inform organisations about the impact derived from the implementation of CSR and the recipients. This is consistent with Lindgreen, Swaen and Maon (2009) who viewed the development and implementation of CSR programmes as currently a win-win situation process between organisations and the community. Bhattacharya et al.

(2009), however, highlighted that there is little guidance available concerning how organisations can implement their CSR and maximise their returns.

Businesses or private organisations are always associated with CSR, and the larger the size of business, the more the public is expecting in terms of their commitment towards CSR. However, it appears that there are three major rivals to this opinion of CSR. First, is a group that objects to CSR. This group views the CSR of a business as being to increase shareholders' profit only for example, Friedman (1962). The second group views CSR as a fair concept for everyone - the business, shareholders and stakeholders (for example, Freeman, 1984). The third group views CSR as a peripheral issue (McAdam and Leonard, 2003). Boal and Peery (1985) viewed CR on two bases: first, organisations should focus more on profit maximisation and less on social involvement; second, organisations should expand their social activities even at the expense of profits. Many others view CSR as just another business idea, a tool for brand image, and some link it with business functions in society (Davis, 1960). These issues have contributed to the breadth of CSR literature and awakened organisations in improving their role to achieve corporate success without compromising social welfare.

Although the CSR field continues to grow and widen globally, there is no clear objective established for the purpose of implementation. Lindgreen et al. (2009: 252) were of the opinion that organisations with distinct contexts and that face different constraints must develop CSR policies and implement CSR activities which suit their organisational culture, business rationale, and strategic goals. Thus, establishing objectives for implementation and associating it with costs, together with developing a CSR policy and concretely executing a philosophical commitment to social goals (Godfrey and Hatch, 2007) is essential in treating CSR implementation ethically.

3.6 Theoretical Perspectives concerning CSR

In this section, CSR models and theories that were widely used in the CSR field of research are evaluated in determining what best constitutes a CSR framework (discussed in the next chapter) for this research. Several theoretical models and numerous theories have been used to examine CSR (McWilliams and Siegel, 2001).

For example, Agency theory (Friedman, 1970), Stakeholder theory (Donaldson and Preston,1995; Freeman, 1984; Jones, 1995), CSP theory (Wartick & Cochran, 1985; Wood, 1991a, 1991b), Theory of the firm perspective (to determine the appropriate level of CSR investment) (McWilliams and Siegel, 2001; Baron, 2001), Institutional theory (Jennings and Zandbergen, 1995) and Resource-based theory (McWilliams, Van Fleet and Cory, 2002). However, there is not one specific theory that fully explains CSR even though it has been researched by many people for a long time. In the 1960s and 1970s, the concern towards CSR theory had already emerged and studies showed agreement concerning the relationship between business and society. Previous studies never failed to include the famous Friedman Shareholder theory. Friedman (1970) indicated that engaging in CSR is a conflict between the interests of managers and shareholders. He believed that managers should not divert investment for personal reasons at the expense of the shareholders. This appears to be consistent with the Agency theory.

With a different focus, McGuire (1963) and Backman (1975) look at SR as not being limited to economic considerations, but that it also accommodates legal obligations and certain responsibilities to society. Sethi's (1975) approach to SR saw 'three-state' classifications – social obligation, social responsibility and social responsiveness – concerning how businesses should behave in respect of social needs. Basically, these three classifications provide a strong and clear direction relating to how companies could respond to wider social needs. Social responsiveness, for example, tells the company that it is important to respond to what they should be doing in creating a long-term relationship with the communities. This is indeed a good idea to raise management's awareness concerning how to sincerely help people who have been and are still supporting their business. This is quite relevant to the current situation as other elements are inserted under CSR, such as employees, the environment and human rights. Tuzzolino and Armandi (1981) suggested a 'need-hierarchy framework' for assessing CSR, as depicted in the famous Maslow Need Hierarchy. This chapter will continue with a detailed explanation and argument of CSR theories and models.

3.6.1 Instrumental Theories, Political Theories, Integrative Theories and Ethical Theories

Garriga and Mele (2004) in their study on CSR theories, classified CSR theories and its related approaches in four main groups: instrumental theories, political theories, integrative theories and ethical theories. Instrumental theories have three main approaches: maximising the shareholder value, strategies for achieving competitive advantages, and strategies for the bottom of the economic pyramid. The first approach has the aim of wealth creation, thus any social activity will be considered if implementing it would increase the shareholder value. Friedman (1970) is associated with this theory, and has a clear view in terms of making profit. His famous understanding that 'the only responsibility of a company is to making profit only' has attracted much debate. The Agency theory implies the same idea, which is focusing on shareholders only. This theory employs the concept of owner and agent, in which the owner (shareholders) is the principal and the company (managers) is the agent, and has faced some opposition from Preston (1978), McWilliams and Siegel, (2001) and Carroll (1979).

McWilliams and Siegel (2001) created an alternative CSR framework by relating it to the theory of the firm. They viewed CSR as a form of investment, and thus, based their analysis on a concept of supply and demand. It is noted here that maximising profits is the driver of this theory, but with the injection of CSR element, it is assumed that companies will receive more support from the consumers. Carroll then introduced the 'Three Dimensional Model' of corporate performance (which will be discussed in the next section). Friedman also stressed the legal and ethical practices that a business has to consider when conducting business. The second approach, which is strategies for achieving competitive advantage, is associated with Porter's model of competitive advantage. Porter's model is opposite to Friedman's as he argued that focusing solely on maximising shareholders' wealth and ignoring any philanthropic activities makes it difficult for a business to achieve competitive advantage.

Political theories articulate the interactions between business, society and power. Two major theories have been associated with political theories - corporate constitutionalism and corporate citizenship. In corporate constitutionalism, the idea is that internal factors, (shareholders, employers, employees) and external factors, (stakeholders) play roles in providing companies with social power. This theory is opposite to Friedman as it clearly states that businesses must also consider society in their decision making. Consequently, Davis (1960) highlighted that businesses have to exercise their power with full responsibility. In corporate citizenship, the theory also focused on business and society, however, Matten, Crane and Chapple (2003) stressed that although corporate citizenship has various meanings, it is related to CSR.

Integrative theories place society as important in business decision making. In this situation, it is understood that a business depends on continual support from society. Four important theories formed integrative theories. First, the issues management theory emphasises social responsiveness and the process for making a corporate response to social issues (Garriga and Mele, 2004). Second, the principle of public responsibility proposed by Preston and Post (1981) is associated with public policy. Both argued that public policy has a clear law and regulation and also a wider scope of social direction. Thus, this view is deemed as the most appropriate by them in dealing with social demands. Third, the Stakeholder Management theory is a theory that focuses on stakeholders that are affected by corporate policies and practices. This approach tries to integrate multiple stakeholders in managerial decision making. This approach argues that it is important to achieve maximum overall cooperation and an efficient way of managing stakeholders is through dealing with the multiple issues affecting them (Emshoff and Freeman, 1978). Alternatively, the main aim of CSP theory is social legitimacy and processes for providing appropriate responses to social issues. This was made popular by Carroll (1979) and consists of economic, legal, ethical and discretionary elements, where he identified it as a contributor to business performance. This theory which is also known as the 'Pyramid of Corporate Social Responsibility' (and will be further discussed in the next section) has been reviewed and extended by Wartick and Cochran (1985), who suggested that principles of social responsibility, process of social responsiveness and the policy of issues management

must be added to Carroll's CSP theory. Wood (1991) provides clear guidelines in dealing with social issues as well, and his CSP model is also based on Carroll's work. However, Wood's model works on principles of CSR, processes of corporate social responsiveness and outcomes. The different aspect of Wood's model is the outcome. The outcome is significant, as the result will show the value of the programmes, the policies developed and the social impact. This theory will be further elaborated upon in the next section. Schwartz and Carroll (2003) re-examined Carroll's CSP model and presented a new model known as 'Three-Domain model of CSR'. The new alternative model is believed to reduce the misunderstanding concerning the priorities of the four elements in Carroll's Pyramid of CSR.

Ethical theories comprise four approaches: normative stakeholder theory, universal rights, sustainable development and the common good approach. These theories have two main agendas on which to focus, business and society. The principle focus being on doing the right thing for the purpose of achieving a good society, which has made it one of the important elements or domains in most CSR models. The four approaches focus on the fiduciary duties of a company to its stakeholders (suppliers, customers, employees, stockholders and the local community); concern for human and labour rights and the environment; concern for meeting the present and future generations' needs; and the last concern focusing on businesses having to contribute to the common good of society because they are a part of it (Gariga and Mele, 2004).

3.6.2 Corporate Social Performance (CSP) Theory

The term CSP was increasingly mentioned in the 1970s (Carroll,1999). Sethi (1975) discussed CSP and identified three dimensions of corporate behaviour: social obligation, SR, and social responsiveness. Social obligation criteria include economic and legal aspects. SR goes beyond social obligation, and social responsiveness is regarded as the adaptation of corporate behaviour to social needs (Carroll, 1999). Carroll, who is acknowledged as one of the prominent scholars in the CSR field, also contributed to the knowledge of CSP. In 1979, Carroll argued that there should not be a separation between economic and non-economic responsibilities. The two aspects are considered as part of CSR. She identified that CSR has been conceptualised in

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various ways, which included economic, legal, or voluntary aspects (the extent of these three aspects on social responsibility), social issues and social responsiveness. Therefore, to further understand total SR, Carroll articulated the CSR theory, which is embedded in a CSP model, famously known as Caroll's 'Pyramid of CSR.' The model contains four basic expectations (economic, legal, ethical and discretionary responsibilities) for a business to assume, which reflect SR. In addition to SR, the framework also included two other groups, social issues and social responsiveness, as a basis for consideration in implementing CSR. The model works on the basis that a business has a goal to increase, which is economic and it is profit oriented, but along the way, they must follow the legal boundary or requirements (legal) that embody ethical norms, however, what society prefers is for business to work ethically above the legal requirements. As for discretionary responsibility or philanthropy, this means it is voluntary. There is no pressure for a business to engage in SR as it is not required by law to do so. However, the integration of elements of SR with clearly identified social issues faced by a business and how to decide on response strategies make this model helpful for a business. McWilliams and Siegel (2001) identified that this theory is the most widely used as a CSR framework. The theory also has some common similarities with the Stakeholder theory.

3.6.3 Wood's Corporate Social Performance (CSP) Model

In 1991, Wood contributed two significant writings to the SR and performance literature. In 1991 (p.68), he focused on improving CSP. What he meant by improving CSP was justified in the meaning that 'CSP is altering corporate behaviour to produce fewer harms and more beneficial outcomes for societies and their people'. Wood revisited the CSP model in 1991 (Jamali and Mirshak, 2007; Swanson, 1995; Wood, 1991b). It is actually an extension and revision of Wartick and Cochran's (1985) CSP model, which was originally based on Carroll's (1979) CSR framework (Swanson, 1995). A detailed explanation is presented in Table 3.4.

Table 3.4. The Corporate Social Performance Model

Original by Carroll (1979)
A Hierarchy of CSR
Total Responsibility - domain
- Discretionary Responsibility
- Ethical Responsibility
- Legal Responsibility
- Economic Responsibility

(Adapted from Jamali and Mirshak, 2007)

Principles of CSR
- Economic
- Legal
- Ethical
- Discretionary

Processes of Corporate Social Responsiveness
- Reactive
- Defensive
- Responsive
- Interactive

Programmes and policies for managing social issues
- Issues management

(Original by Wartick and Cochran, 1985)

Revision by Wood (1991)
Principles of CSR
- Institutional Principle: Legitimacy
- Organizational Principle: Public responsibility
- Individual Principle: Managerial discretion

Processes of Corporate Social Responsiveness
- Environmental Assessment
- Stakeholder Management
- Issues Management

Outcomes of corporate behaviour
- Social Impacts
- Social Programmes
- Social Policies

(Adapted from Wood, 1991)

Carroll's CSR hierarchy model played a major role in CSR theoretical development. Based on the four elements - economic, legal, ethical, and discretionary responsibility - the model managed to be expanded by several scholars, for example, Wartick and Cochran, (1985); Wood, (1991b), and new conceptual developments emerged. However, Carroll did not identify the four elements of SR as principles but categorised them as domains (Wood 1991). This means that the main issue, which is motivation (principles), was not addressed by Carroll. Wartick and Cochran (1985) appeared to justify that the concept of CSP can work on the basis of integration of principles of SR, processes of social responsiveness and the policies developed to address social issues (Wood, 1991). This means that business and society can have a strong relationship provided that organisations respond accordingly to the social demands. However, Wood (1991) argued that the process of responsiveness, as outlined by Wartick and Cochran (1985), was not the actual process but rather characteristics. Wood also revisited the term social issues into outcomes of corporate behaviour. Wood then introduced the framework that constituted of principles of CSR, process of responsiveness and outcomes of corporate social behaviour as a general concept of the CSP model.

Wood's model is comprised of three elements which are: principles of CSR, process of responsiveness and outcomes of corporate behaviour. With Carroll's four categories of CSR (economic, legal, ethical, and discretionary), the two models can be integrated and produce a strong CSP model. This is because within each domain of responsibility it accommodates the three aspects of CSP: motivation, responsiveness and outcomes of social behaviour (Jamali and Mirshak, 2007). However, Swanson (1995) has revised Wood's model in response to arguments such as lack of normative development, undeveloped interpretations and lack of integration existing between economic and duty-aligned perspectives exhibited in the model. Swanson noted that economic (encompasses economic, social and ethical issues) and duty-aligned (comprises of ethics or moral behaviour, managerial and economic issues) perspectives are two dominant orientations in business and society. This revised model, however appears complicated as compared to Wood's CSP revisited model.

3.6.4 Stakeholder Theory

Stakeholder Theory has several times been connected to CSR studies (Brenner and Cochran, 1991; Wood, 1991a). This approach was originally identified by the Stanford Research Institute in 1963, but it was championed by Freeman in 1980s. The theory became well known after Freeman published his landmark book, *Strategic Management: A Stakeholder Approach (1984).* According to Frooman (1999), this theory was linked to management literature to enable managers to understand stakeholders and strategically manage them. The theory emphasises on a company's broad set of social responsibilities to all its stakeholders and originally included shareowners, employees, customers, lenders and society (Freeman, 1984). Freeman (1984: 46) defined a stakeholder as 'any group or individual who can affect or is affected by the achievement of the organisation's objectives'. This definition of a stakeholder has actually placed some boundaries on the scope of stakeholders and how organisations should expand their CSR. The stakeholders include the government, suppliers, customers, investors, political and industry groups. Later, Freeman and Liedtka (1991) felt that the CSR concept should be abandoned and they suggested a more refined and harmonious idea of CSR (between business and society) to replace the old idea of CSR. Friedman and Liedtka (1991) then suggested that organisations should be responsible to all parties (stakeholders) who were affected by their business activity (legitimate partners). Freeman (1994) later claimed that the stakeholder concept can be utilised to create a more precise analysis on business and ethics.

Mitchell, Agle and Wood (1997) recognised the definition of a stakeholder by Freeman as one of the broadest scopes of a definition for a stakeholder. They also recognised the relevance of multiple stakeholders that an organisation is responsible for. However, the question of how much resources organisation need to provide to the stakeholders remains unanswered. Mitchell et al. (1997) identified three vital attributes of a stakeholder: urgency, legitimacy, and power. They believed that these attributes are indicators for the management to consider in extending their social responsibility to various stakeholders. Of the three attributes, power is considered as the most important, of which Carroll (1989) suggested the size (budget and staff)

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could serve as measures of stakeholder power. Jones and Wicks (1999) agreed with Freeman (1984) and Mitchell et al. (1997) on the basic premise of this theory that organisations have relationships with many stakeholders. This is also consistent with two other opinions by Smith (2003) and Porter and Kramer (2006) who recommended that organisations should broaden their CSR initiatives to multiple stakeholders. This premise indicated that whatever the processes and outcomes for the organisations, it would have an effect on its multiple stakeholders.

Stakeholder Theory can be grouped into two based theories: social science based theory (instrumental and descriptive/empirical) and ethics based theory which is focuses on normative issues (Donaldson and Preston, 1995). They realised that this theory is unique as it is intended to clarify and steer the operational systems structure of the organisations. As mentioned earlier, the theory could be explained from three perspectives: descriptive/empirical (explains specific corporate characteristics or the actual behaviour), instrumental (the theory states that if certain behaviours are adopted, then certain outcomes will be obtained) and normative justifications (describes the function of the organisation in relation to morals). The three perspectives have their own value in Stakeholder Theory. However, of the three perspectives, normative interprets the function and guidance of the investor-owned corporation on underlying moral or philosophical principles (Donaldson and Preston, 1995) and has several times been chosen by previous researchers as the basis of a theory. Evan and Freeman (1988) even justified Stakeholder Theory on the normative perspective as normative grounds able to satisfy the moral rights of individuals. Furthermore, the central normative principle of Stakeholder Theory is that organisations should focus on all of its stakeholder interests rather than shareholders alone.

The concern towards stakeholders is arguably in line with the concept of CSR. This research, however, agrees with Donaldson and Preston's (1995) argument that the three aspects of Stakeholder Theory (descriptive, instrumental and normative) are interrelated and mutually supportive, which means normative alone is not sufficient to

be the grounds for the Stakeholder Theory. However, a normative base justifies the Stakeholder Theory.

Thompson, Wartick and Smith (1991) view the meaning of stakeholders as the group that has a relationship with an organisation. This theory states organisation must satisfy many groups that contribute inputs for their business, but the theory does not say that organisations must let them get involved in the processes and decision making. This theory opposes the Shareholder theory as it is does not have a duty bound to maximise shareholders' profit while Stakeholder Theory offers more space for organisations to share their wealth. Why they have to share is obvious as business cannot stand alone. Business needs support from various supporters and not just the shareholders. Jones and Wicks (1999) have a different opinion whereby they believed that by combining normative and instrumental elements, that would create a complete Stakeholder Theory. They named this theory as Convergent Stakeholder theory.

Regardless of how different the idea is, the Stakeholder Theory is said to be one of the offspring of the social contract (Klonoski, 1991). Davis (1990) has written about how the great power of business could affect society as he saw that business and the social system are intertwined. Organisations will also benefit in many ways from the constant support of society in which they exist. Today's world situation supports Davis's statement. As previously mentioned, without the support of the whole social system, organisations would not be able to achieve their long-term plans. Jones and Wicks (1999) have outlined the basis of 'what is' Stakeholder Theory based on the works of Freeman (1984), Clarkson (1995) and Donaldson and Preston (1995). It is stated that organisations have relationships with many stakeholders that have intrinsic value, and they have to consider the decisions and processes they are going to make as well as the outcomes for themselves. Freeman and Liedtka (1991) proposed the legitimate partners (stakeholders) included suppliers, employees and customers (among others), and added that management has to take care of the environment (Freeman, 1994) as a normative core of this theory.

Instead of asserting that business has a close relationship with legitimate multiple stakeholders, this theory concentrates on the connection between business and moral

principles or ethics. Stakeholder Theory rejects the separation of the business from ethics and works on a fundamental base of caring, ethics and values for the stakeholders. Due to this fact, Mele (2008) agreed with the notion of stakeholder value-oriented being a suitable theory for understanding the responsibilities of business towards CSR. In a similar vein, Carroll (1997) viewed Stakeholder Theory as an approach to better understanding CSR. The other important idea of this theory which was identified by Donaldson and Preston (1995) and Freeman (1984) is related to the long-term sustainability of an organisation being dependent on the cooperation of numerous constituents. Due to more reasonable critiques towards Stakeholder Theory explained above, it has been decided that Stakeholder Theory will underpin this thesis.

As a summary, Stakeholder Theory is a theory used by management to uphold relationships and have a better understanding of how to manage key stakeholders of a business. Based on the above literature, it is very clear where this theory stands. The theory has several important concepts. The first being that, the broader term of stakeholders is meant to generalise the notion of a shareholder, and in a sense, this means that organisations need to include wider legitimate groups who are vital to the survival of the business. In conclusion, the Stakeholder Theory can be considered a CSR theory (Mele, 2008) as it works on a normative foundation whereby business has responsibility towards society.

3.7 Chapter Summary

CSR has been around business practices for a long time and experienced a colourful journey in management literature. The two clear opposite views of CSR are: business is only responsible to their shareholders; and the opposite is that business is responsible to other stakeholders. Although many argued that the effects CSR would pass to the business and especially to the shareholders, today CSR is still present. Carroll, the famous scholar in this field, even stressed that the CSR movement has been a global phenomenon. This opinion is similar to the previous view on CSR by Porter and Kramer (2006), that CSR has emerged as a priority for business leaders worldwide. Since the beginning of it emergence, CSR is associated with several

themes, but the prominent themes include: CSP, Stakeholder Theory, business ethics, sustainability and corporate citizenship. Moreover, four significant elements were found relating to CSR: economic responsibility, ethical or moral, legal, and social or discretionary. Each responsibility contains various focuses, of which if organisations clearly disclose its contents, this will lead to a better assumption towards CSR. CSR continues to grow and become accepted by businesses, however, many were initially sceptical of the motivations behind the implementation. On a positive note, Carroll (2008) believed that CSR can be sustainable if it continues to add value to businesses. Several related standards or guidelines have further added value to CSR, and though each has its own strengths and weaknesses and is meant for global practices, they are specifically geared towards multinational companies. The gap identified from the literature shows that a guideline, compliance and monitoring system are vital aspects in ensuring the concept of CSR is highly accepted and embedded in business operations. Focusing performance towards satisfying shareholders alone is not believed to be a positive move for the long-term or for business sustainability.

Chapter Four   Research Framework

4.0   Introduction

This chapter develops a theoretical framework which guides data collection and analysis. The proposed framework builds on existing Corporate Social Responsibility (CSR) frameworks to incorporate greater management theory. The framework as proposed in this chapter is an amalgam of existing frameworks with some important additions such as core elements and management mechanisms. There are five important components structured to form the proposed framework. The Stakeholder Theory and framework by Wood (1991) known as the Corporate Social Performance (CSP) framework is used. Wood's framework was developed based on established CSR work by Carroll (1979), and Wartick and Cochran (1985). The proposed framework underpins the empirical investigation of the research, which is in turn centred around five proposed research questions: 1) how does the Silver Book impact on the CSR activities of Malaysian GLCs (principal question); 2) what is the motivation of GLCs adopting CSR; 3) how is the CSR process implemented in GLCs; 4) what are the challenges faced by the GLCs adopting CSR practices as outlined in the Silver Book; and 5) what are the perceptions of the managers in GLCs concerning the outcomes of current CSR activities.

In recent years most CSR models and frameworks have incorporated several key dimensions including: social issues, stakeholder management, business and public policy, corporate social performance, corporate citizenship and most recently, corporate sustainability (Garriga and Mele, 2007; Jamali and Mirshak, 2007). Economics, politics, social integration and ethics are variables common to most CSR models, including that of Carroll (1979, 1991), Sethi (1975), Ackerman (1975), and Preston and Post (1975). The Malaysian government has shown its commitment towards enriching the knowledge and best practice of CSR among Malaysian businesses, by encouraging the use of the Silver Book, which is seen as congruent with both Malaysian culture and its state of economic development and is suspected to adopt and adapt some of the best practice CSR frameworks in its guidelines. The

Silver Book focuses on shareholders, stakeholders, and the four dimensions (economics, politics, social integration, and ethics). After analysing the past and current CSR and management literature it was decided that Wood's CSP model (1991) is adapted to develop a theoretical framework to examine CSR practices, and the use of the Silver Book in Malaysian GLCs. Stakeholder Theory underpins this research. This framework explores how the Silver Book impacts or influences CSR practices in Malaysian GLCs.

The proposed framework comprises five important components which are to be used to guide organisations in their CSR implementation. The five inter-related components proposed are to provide a step by step guide for management in implementing an effective CSR. The components are:

- Principles of CSR (motivations)
- Core elements of CSR
- Process of corporate social responsiveness (action)
- Management systems and processes
- Outcomes of corporate behaviour

This chapter proceeds as follows. Firstly, the theoretical underpinning of the CSR framework or model will be briefly explained. This includes the Stakeholder Theory, Wood's CSP model and others. This shall be followed by a comprehensive explanation of the proposed CSR framework which will be detailed in five major sections. It will then be concluded with a brief summary of this chapter.

4.1 Theoretical Underpinning of CSR

This section outlines an alternative framework for CSR which explains step by step compliance, the uses of Stakeholder Theory and the use of Wood's CSP model (1991) as a foundation. Stakeholder Theory is relevant as the underpinning theory for this research as the theory focuses on multiple stakeholders. Wood's CSP model (1991), which revisited Carroll's Three Dimensional Conceptual model of CSP (1979) and Wartick and Cochran's (1985) CSP model, is considered to be the advanced framework in outlining the critical dimensions of CSR (Mele, 2008). These

contributions are adapted in the current framework, together with other significant dimensions based on an extensive literature review of CSR, to assist organisations in having a clear structure of CSR practices. Details of the theory and model are explained below.

4.1.1 Stakeholder Theory

Stakeholder Theory provides the theoretical underpinning of the proposed framework presented in this chapter. Stakeholders are people who have interests (legitimacy) or claims towards the organisation. However, there are disagreements on how broad a firm's stakeholders should be and what kind of entity (Mitchell, Agle and Wood, 1997) can be appropriately referred to as a stakeholder. Freeman (1984: 25) views stakeholders as 'any group or individual who can affect or is affected by the achievement of the firm's objectives'. The definition which opens the stakeholder category to a broader scope has softened the issue of who should be categorised as organisation's stakeholders although not all scholars have accepted this broad definition. A frequently cited definition of a stakeholder is the one by Carroll (1996: 74) which is 'any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organisation.' Thus, stakeholders may be a person, groups, or even an organisation itself (for example, employees) which have a certain stake (affected) in a business. Carroll (1996) identifies shareholders, consumers, suppliers, government, competitors, communities, and employees as stakeholders. The list of stakeholders is almost similar with the list of stakeholders identified by the Silver Book, namely the government, employees, consumers, private investors and civil society, or NGOs. Goodpastor (1991) suggests that the definition implies two interpretations of stakeholders; strategic (profit maximising) and moral (the one affected by the firm). After going through several of the then existing definitions of the theory, Frederick (1992) comes out with a general principle of Stakeholder Theory where he proposed that organisations should give attention to the needs, interests and influences of people affected by their business operations.

In his book, *Strategic Management: A Stakeholder Approach* (1984), Freeman outlines one main purpose of Stakeholder Theory, which is to enable managers to

understand stakeholders and how to manage them strategically. This theory is important to this research in several aspects. First, this theory is considered a balanced theory which takes into consideration both stakeholders and shareholders' interests (Freeman, 1984; Frooman, 1999). Second, the theory takes into account a wider range of interest groups, including customers, employees, suppliers (Freeman and Liedtka, 1991), communities and also the environment (Silver Book, 2006). Donaldson and Preston (1995: 70) argue that 'the theory is intended both to explain and to guide the structure and operation of the established corporation.' In most organisations, the managers and other employees need to undergo significant interactions with stakeholders in their efforts to implement CSR, thereby emphasising the role of Stakeholder Theory as part of the foundation of this research. Third, the stakeholder concept combines business and business ethics (Freeman, 1994). All these stands portray that Stakeholder Theory does not accept a narrow definition of a relationship between business and its stakeholders. In fact, it is said that a firm is able to become competitive due to successful collaboration and team work with various stakeholders (Bucholz and Rosenthal, 2005).

The observation made by Donaldson and Preston (1995) that Stakeholder Theory is not empty but is a general and comprehensive concept, contributes to the significance of this theory in CSR research. The other reason why Stakeholder Theory is important in CSR implementation is its uses in the three perspectives which Donaldson and Preston (1995) described as: descriptive or empirical accuracy (for example, Stakeholder Theory from a descriptive perspective describes and explains explicit corporate features and conduct); instrumental power (for example, to identify connections between stakeholder management and an organisation's profit); and normative validity (for example, the interpretation of the organisation's roles, which in turn offers guidance for the operation and management of the corporation based on moral principles). Normative validity dominates the Stakeholder Theory on a fundamental basis (Friedman, 1970, Evan and Freeman, 1988; Carroll, 1989). Donaldson and Preston (1995), and Garriga and Mele (2004) categorised Stakeholder Theory under the integrative group of theories which focuses on business and social demands. In general, this theory provides a strong basis for organisations to

implement their CSR, as the concept of CSR itself draws most attention to the various stakeholders without jeopardising an organisations' strategic objectives. Bucholz and Rosenthal (2005) share their strong views from a pragmatic standpoint that organisations should not be associated with only marketplace function as the function itself is derived from a larger context. Increasing attention on CSR context which states that an organisation should practise CSR systematically without neglecting their prime goal towards their shareholders (Silver Book, 2006) suits the requirements of Stakeholder Theory.

4.1.2 Wood's Corporate Social Performance (CSP) Model

In 1991, Wood contributes two significant papers to social responsibility and performance literature. Wood reformulated the CSP model in 1991 where he revised Wartick and Cochran's (1985) definition of CSP. In her framework, Wood structured her framework and reconciled three important components: principles of CSR, processes of corporate social responsiveness, and outcomes of corporate behaviour. The structure is congruent with Ackerman's (1975) discussion on social challenge in business. This contends that if one decided to pursue the business, social challenge is one of the risks or issues they have to face. Ackerman (1975) and Ackerman and Bauer (Ackerman and Bauer, 1976) proposed three important components of social responsiveness: 1) monitoring and assessing environmental conditions, 2) attending to stakeholder demands, and 3) designing plans and policies to respond to changing environmental and stakeholder conditions. The three proposed components are seen as fair to many stakeholders, however, more components should be included to suit present condition of relationship between business, society and the environment. Preston and Post (1975) stress on the organisational outcomes as they feel it is an organisation's responsibility to evaluate their social actions. Wood then turns these components into three components of CSP framework: principles, processes, and outcomes.

Mele (2008) considered Wood's model as possibly the most complete approach on CSP with regards to social expectations. However, this work has several important limitations. Waddock (2004: 20) comments that Wood's model is narrowly focused

and is aimed at 'advance theory and research in the field rather than to influence practice.' Meehan, Meehan and Richards (2006) agree with Waddock (2004) by noting they note that whilst Wood's CSP model offers huge theoretical integration, it is lacking in guidance in developing strategies and instruments for realising CSP's aims. The components of the model are also not systematically integrated. Table 4.1 below shows Wood's actual CSP model. This model has attracted several researchers with some authors having used it as a focal point in their writings. Davenport (2000) used Wood's CSP model (1991) and Freeman's (1984) Stakeholder Theory as framework for his study. Davenport studied the concept of corporate citizenship and explored how social auditing can be used to measure it. The findings indicate that the principles, processes and outcomes of CSP can be measured from a variety of stakeholder perspectives. McAdam and Leonard (2003) adapted Wood's (1991a) CSP model in an effort to incorporate CSR and Total Quality Management (TQM). Their analysis signifies that the combination of CSR and TQM evaluation is of legitimate ethical standpoint. Other researchers who have attempted to combine Wood's model are Jamali and Mirshak (2007) who both combined the CSP model and Carroll's model. This research was carried out with Lebanese companies and the results indicate that the practices in those companies were more consistent with Carroll's model. Further information on Wood's model has been included in Chapter Three.

What is presented and emphasised here relates to Wood's adapted CSP model. Wood (2010) wrote a research reviews of past studies which had used her CSP model as a framework, for comparison purposes, or had integrated with other models and the concept of CSP and others. Based on her detail observation, two of her final recommendations for future research, firstly, the need to reinvigorate on principles, processes and outcomes of business behaviour; and secondly she recommends the focus on interdisciplinary. These recommendations are relevant to this study as this study aims to investigate how the introduction of a new CSR guideline (the Silver Book) influences CSR practices, which is a sister concept to CSP (Wood, 2010). This study links business, government relations, and also the Stakeholder Theory.

Table 4.1. The Corporate Social Performance Model (Wood's CSP Model)

Principles of Corporate Social Responsibility
Institutional Principle: Legitimacy
Organizational Principle: Public Responsibility
Individual Principle: Managerial Discretion

Process of Corporate Social Responsiveness
Environmental Assessment
Stakeholder Management
Issues management

Outcomes of Corporate Behaviour
Social Impacts
Social Programs
Social Policies

Source: Wood, D., Social Issues in Management: Theory and Research in Corporate Social Performance, *Journal of Management* (1991)

Details of Wood's model are explained in the literature review chapter whereas the proposed framework, which addresses the gaps of Wood's CSP framework, is described in the next section.

4.2   Proposed CSR Framework

The purpose of this section is to explain the elements which constitute a best practice approach to CSR. It is also the purpose of this section to offer a CSR framework which builds on and improves current CSR models. This framework is adapted from the Wood CSP model. It will be suggested that a clear and precise step by step structure is vital for CSR implementation. All the elements are structured according to the five main components (see Figure 4. 1), which outline an alternative framework for CSR proposed for this research. The five components are: 1) the principles of CSR, 2) the core elements of CSR, 3) the process of corporate social responsiveness, 4) the management systems and processes, and 5) the outcomes of corporate behaviour.

The first, third and fifth components (principles of CSR, processes of corporate social responsiveness, and outcomes of corporate behaviour) are from Wood's original

framework. The additional components which have been incorporated into the Wood's model are the second component (core elements of CSR) and the fourth component (management systems and processes). The first component, which is the principles of CSR or motivations to implement CSR (Wood, 1991) is the main focus of this proposed framework. Three elements form the principles of CSR, namely institutional, organisational, and individual principles. The second component is adapted from Carroll's (1979; 1991) and Wartick and Cochran's (1985) Pyramid of CSR model which lists economic, legal, ethical and discretionary as the main concepts of CSR. Carroll actually declared the four elements as principles of social responsibility. Wood, however, argued that the original four elements are just domains (and not principles), which could be absorbed within a variety of principles. Thus, they were not specifically outlined in the Wood's CSP framework. This study agrees with Wartick and Cochran (1985), who proposed that these four elements represent social responsibilities and should be placed somewhere in the CSP framework. Therefore, it is of the view that the four elements should stand as one of components in the CSP model.

This study then proposes two more important elements, political and environmental dimensions, to complete the list of the significant elements of component two. This component is important as it acts as a boundary for any social actions. Vogel (1986) argued that political and social dimensions of business are important in management study. Thus, political dimension is viewed as an essential requirement to be added to the original four elements. The element of environmental dimension in this case, relates to the natural environment, which is gaining global attention due to its many related issues. Both elements are significant for this framework. As stated earlier, Wood argued that the original four elements are domains and not principles, thus the reason why they were not specifically outlined in Wood's CSP framework. In this proposed framework, the four elements are also not identified as principles but instead are structured as core elements or dimensions of CSR.

The third component, process of corporate social responsiveness, is one of the actual components of Wood's CSP model (1991). This proposed framework will outline it

as the third component while Wood placed it as the second component. The fourth proposed component is management systems and processes. Systems (processes) and practices articulate the real intention of an organisation in integrating business and social needs. A well-planned and well-managed system and practices lead to positive value as they play a vital role in ensuring the smooth implementation of CSR actions. A clear system will avoid ambiguity of flows of CSR practices. Wood did not include the management system in his framework. He focused on the processes, but they were different to the management systems and processes proposed in this framework. This component basically involves internal assessment. This framework also proposes that internal impacts should also be evaluated. Precise and constant evaluation will avoid loss, build anticipations, clarify perceptions and strengthen influence. The fifth component (outcomes of corporate behaviour) which consists of social policies, social programmes and social impacts, is again the original component of Wood's CSP model. Wood included this component in the assessment part of CSP. The proposed framework is presented as Figure 4.1.

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┌────────────────────────────────────────────────┐
│ Principles of CSR (motivations)                │
│      -   Institutional principle: legitimacy   │
│      -   Organizational principle: public responsibility │
│      -   Individual principle: managerial discretion │
└────────────────────────────────────────────────┘

┌────────────────────────────────────────────────┐
│ Core Elements of CSR/Core Responsibilities     │
│      -   Economics                             │
│      -   Legal                                 │
│      -   Ethical                               │
│      -   Social/Discretionary                  │
│      -   Political                             │
│      -   Social/Discretionary                  │
└────────────────────────────────────────────────┘

┌────────────────────────────────────────────────┐
│ Process of corporate social responsiveness (Action) │
│      -   Environmental assessment              │
│      -   Stakeholder management                │
│      -   Issues management                     │
└────────────────────────────────────────────────┘

┌────────────────────────────────────────────────┐
│ Management Systems and Processes               │
└────────────────────────────────────────────────┘

┌────────────────────────────────────────────────┐
│ Outcomes of corporate behaviour                │
│      -   Social policies                       │
│      -   Social programs                       │
│      -   Social impacts                        │
└────────────────────────────────────────────────┘
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Figure 4.1. Proposed Model

(Adapted from the Corporate Social Performance Model (Wood 1991))

4.2.1 Principles of CSR: Motivations for CSR Implementation

The framework begins with principles of CSR or motivations towards implementing CSR. It is important to understand what motivates organisations to implement CSR as it determines the commitment, strategy and structure of the organisation. Three important elements of motivations were identified, which are: institutional principle, organisational principle, and individual principle (Wood, 1991). These principles are further elaborated in each specific section below.

4.2.1.1 Institutional Principle (The Principle of Legitimacy)

The first principle is the institutional principle, which originates from Davis (1973). Ethics and social legitimacy are the bases of Davis' idea of institutional principle. The principle, which states that a business is a social institution and must utilise its power responsibly (Swanson, 1995), could lead to the reason why ethical behaviour is a motivation for CSR. This signifies that ethical behaviour is important in conducting business. Kurucz, Colbert and Wheeler (2008) listed reputation and legitimacy as one of the four types of business cases or motivations for CSR.

Institutional principle is also known as the Principle of Legitimacy. This principle is related to social responsibility through power of society. The real meaning is that organisation has to be responsible to society along with their role in maximising profits as society allows organisations (power) to operate, and grants legitimacy to conduct businesses. Furthermore, doing business in a shared environment requires organisations to understand the needs and demands of key stakeholders. Thus, it is the organisation's responsibility to evaluate their internal and external decisions to comply with what society considers responsible (social legitimacy) (Mele, 2008), and should avoid abuse of power (social neglect). The principle of legitimacy at an institutional level may be an important driver for an organisation to implement CSR as they can retain their credibility, legitimacy, and be acknowledged as a responsible societal actor (Jamali and Mirshak, 2007). Davis (1973) in his argument for social responsibility is firmed that for a business to sustain, organisations must be responsible in their actions of doing business and if they act irresponsibly or abuse their power their business would not sustain in the long-run. This is also in line with Sethi (1975), who argued that organisations' legitimacy is upheld if they increase their CSR. In other words, to ensure continuous legitimacy in the eyes of society, there is a need for a balance between organisational action and stakeholders' expectations. Otherwise, society, which has power in this situation, may shift their preference to competitors whom they perceive as organisations that place greater value on their relationship with society.

4.2.1.2 Organisational Principle (The Principle of Public Responsibility)

The second component of principles of CSR may also act as a positive driver for CSR actions. This principle was developed by Preston and Post (1975). The authors argued that to avoid focusing on narrow groups in implementing CSR, the term public rather than social was adopted. According to Garriga and Mele (2004), the term public reflects the importance of the public process with consideration of a wider group of stakeholders when developing CSR. In this case, organisations must adhere to the guidelines or standards of performance for legitimate managerial behaviour (Garriga and Mele, 2004) in exercising CSR. The guidelines are found within the framework of relevant public policy (Preston and Post, 1981; Garriga and Mele, 2004). Preston and Post, however, classified two areas of managerial or organisational involvement with society, the primary, which is related to an organisation's specialised functional role) and secondary which look into the outcomes (impacts and effects) generated by its primary involvement with society.

Organisations should consider the principle of public responsibility when developing CSR policies and take into consideration standards of performance in relation to the laws, regulations, social direction, emerging issues and implementation practices (Preston and Post, 1981). One example is procurement of raw materials. In this case, the raw materials specifications must meet the guidelines required by the authority and this require a precise communication between business, partners and suppliers. Failure to follow the guidelines may cause danger which affects the business and society, and if business fails to live up to public's expectations they will receive less trust and support which finally will cause a substantial loss to the business.

4.2.1.3 Individual Principle (The Principle of Managerial Discretion)

Managerial discretion is the other valuable principle which acts as a motivation for CSR actions. As an individual who has power to make decisions, managers as moral actors (Wood, 1991) can use their discretion in CSR implementation. In this aspect it is clear what Wood is trying to clearly explain that managers do have choices in CSR. However, the discretion still needs to be linked to the outcomes of social responsibility which should meet societal expectations and stakeholder demands. In

other words, managers possess discretionary powers to decide on CSR actions which they think are legitimate and beneficial to the shareholders, organisations and stakeholders. In general, a highly motivated managerial function in organisations sees the significance of CSR adoption, and benefits that can be derived from it.

4.2.2 Core Elements of Corporate Social Responsibility

In this section, the six core elements of CSR are examined. The elements are: economic, legal, ethical, social, political, and environmental factors. Organisations must take into consideration these core elements of CSR when developing their vision, mission and organisational goals. The first four elements (economic, legal, ethical, social) are based on Carroll's principles of social responsibility, of which Wood (1991) had reclassified as domains. These domains complement Wood's CSP model. However, this research proposes the term social (responsibility) rather than discretionary (responsibility) as in Carroll's model. The term social includes discretionary responsibility as well as social obligations. The underlying assumption of the proposed core elements is that organisations with a clear and definitive set of core elements would be more successful in achieving their targets, including that of social responsibility. The next section explains the details of each core element of CSR.

4.2.2.1 Economic Responsibility

The economic factor is the first core element of responsibility which organisations should emphasise. Carroll (1979) explained that society understands business has an economic-driven purpose, which is that they are supposed to produce products and services and sell them at a profit. Carroll makes a clear point here that the economic responsibility of organisations is within society's expectation. Freeman (1984) stressed that organisations must consider the various stakeholders in CSR implementation but must not abandon the traditional economic goals of the organisation, which is wealth maximisation. In other words, shareholders must be a priority. Logically, this is very true as organisations would not function effectively without the investors investing their money in the organisation. Organisations must also have sufficient and strong financial abilities to support CSR activities. This

element is considered balanced and significant as it portrays the organisations' focus on economic gains for the benefit of both sides; themselves and society.

4.2.2.2 Legal Responsibility

The legal element refers to the laws and regulations within which the organisation is expected to operate (Carroll, 1979). CSR implementation is encouraged by governments and society. However, the conduct must be according to the existing rules and regulations promulgated by the three tiers of government in existence at the federal, state and local levels. Carroll (1979: 500) clearly wrote that 'society expects business to fulfil its economic mission within the framework of legal requirements.' In this situation, organisations must understand that the power (legitimate) granted by society for them to do business does not permit them to make profits as simply as they wish or by whatever means they want. In fact, organisations are expected to not only comply with the laws but must ensure that operations too, adhere strictly to the law.

4.2.2.3 Ethical Responsibility

Ethical or moral practices are vital in any operations. Organisations are bound by ethical actions and decisions in managing their business operations. An ethical decision is defined by Jones (1991), as a decision which is both legal and morally acceptable by the larger community. Therefore, organisations must act in an ethical manner in doing their business, avoid harm, be obliged to do what is right, and must exercise just and fair practices (Boal and Peery, 1985; Cavanagh, Moberg and Velasquez, 1981). Meanwhile, Carroll (1991) defined ethics as the concept of what is right, and fair conduct or behaviour. Carroll's definition is congruent with the term responsibility as ethical behaviour requires organisations to avoid denying the rights of others while focusing on maximising economic outcomes. Economic and legal responsibilities also embody ethical norms and ethically responsible practices which may not have been codified into law but which society still expects, as specified by Carroll (1991). Armstrong (2009: 52) linked human resource management (HRM) and ethical action. He classified CSR as one of the specific HR strategies, and thus CSR is seen as 'a commitment to managing business ethically in order to make a

positive impact on society and the environment.' In general, these definitions portray that action has certain value. Thus, organisations must act in a morally acceptable manner because this behaviour can prevent the government from introducing new restrictions (Davis, 1973), or they may become the driving factor behind the creation of new acts and regulations should they fail to do so.

4.2.2.4 Political Responsibility

Another core area of responsibility is political responsibility. Politically related matters would normally go hand-in-hand with power. Bonardi and Keim (2005) and several other scholars acknowledge that organisations have power to influence public policy. Organisations share the environment with many others (such as competitors, society, governments, NGOs). Therefore, organisations must ensure that their business operations are legal, legitimate, and that their products are safe to use or consume. Any issues arising from mismanagement may create environmental disturbances. These disturbances could emerge from society, governments or political parties. Furthermore, if such unethical behaviour is from a government-owned organisation, like GLCs in this study, it is likely to create wider attention. In response to the issue, society, NGOs, and political parties could pressure the government, for example through public outcry, to create new legislation which may have a wide ranging and even long term affect on businesses. In the end, the government's reaction may cause organisations to be under such severe pressure as to force them to change their behaviour. Thus, organisations as political actors should exercise their political responsibility strategically.

4.2.2.5 Social or Discretionary Responsibility

Social or discretionary responsibility relates and refers to the decision on adopting CSR activities. It is also known as philanthropic contributions. Carroll (1979) defined discretionary responsibility as a condition where society has no clear- cut message to the business, which means it is up to business judgement to engage in social roles. This may seem rather similar to the managerial discretion principle but it is actually quite different. In the managerial discretion principle, the focus is on the individual person who makes the decision. In discretionary responsibility, concern is on the

choice of social activities that organisations wish to implement. Since philanthropic involvement is voluntary and not mandatory, the decision to assume social responsibility very much depends on a business itself.

4.2.2.6 Environmental Responsibility

The environmental factor is one of the core elements of CSR. The legislation of the Environmental Protection Agency (EPA) in the 1970s by the American Congress has led to the environment factor being officially recognised as a legitimate stakeholder of business (Carroll, 1991). In this component of the proposed framework, environment refers to the natural environment and not the operating environment. Simpson, Taylor and Barker (2004: 157) argue 'that small and medium sized enterprises (SMEs) can gain a competitive advantage and create sustainable business by adopting environmental 'good' practice'. Although this study only focussed on SMEs, it is believed that the benefit would be similar for all types of organisations. This dimension is included in the proposed framework as it is vital to protect the environment for future generations. Furthermore, this would be in line with Smith (2002) who views that it is the responsibility of all companies, for example, to meet the environmental standards regardless of where they operate.

The five core elements of CSR included in this proposed framework, as depicted by Figure 4.1, show that there are various aspects of social responsibility whereby organisations can take action and play their role. The social and discretionary responsibility is not required by law thus organisations can choose not to get involve in these activities. However, society and the governments involved may have different expectations. It is important to note that organisations do not need to undertake these activities in its entirety but should be aware of the broad nature of CSR issues.

4.2.3 Process of Corporate Social Responsiveness (Action)

The purpose of this section is to elaborate on social responsiveness or action taken by the organisation in implementing CSR. This, according to Wood (1991) is important to the normative and motivational element of CSR. It was first suggested by Sethi (1975, 1979) that responsiveness (defensive, reactive) is an appropriate concept to

replace social responsibility. Wartick and Cochran (1985) identified the processes of corporate social responsiveness which included such terms as defensive, reactive, responsive, and interactive and added them into the CSP model. Wood (1991b), however, disagreed with all the terms. His argument is based on Ackerman (1973) who stressed that social responsiveness processes include monitoring environmental conditions, attending stakeholder demands, and designing policies to respond to changing conditions. In this case, component three (responsiveness) is a restructuring of the original model presented by Sethi (1975, 1979), and Wartick and Cochran (1985), and as articulated by Wood (1991). Wood simplified the elements into a more precise structure which consists of environmental assessment, stakeholder management and issue management.

4.2.3.1 Environmental Assessment

Environmental assessment and the organisation's subsequent preparation and response are vital for any organisation. Before a business strategy and goals are established, organisations must conduct environmental scanning, particularly of the external environment. The environmental aspect includes social, economic, political and technological environments. Although some of the elements are similar (social, economical and political) to the core elements section, the approach is different. Organisations initially must have a clear direction on core elements as they serve as pillars of their operations (vision and mission). In this section, the core function is to acquire as much information and knowledge of the economic, social, political and technological aspects. The results of the assessment will then be utilised to assist and guide organisations in formulating strategic actions (Hitt, Ireland and Hoskisson, 2007) and revising them when necessary as the environment does change over time. Burgeois (1980) emphasised the importance of environmental scanning to strategic management. Others such as Thomas (1974), Neubauer and Solomon (1977), Klein and Linneman (1984), and Bates (1985) have also refined the importance of environmental assessment and impact in the strategic management context. Bates (1985), for example, wrote that environmental assessment is important as it will maximise the organisation's position in the future environment.

4.2.3.2 Stakeholder Management

This section explains the importance of stakeholder management as one of the elements of social responsiveness in organisations. In this context, responsiveness takes place when organisations analyse stakeholder relationships and processes and continually improve their own positions so as to remain a respected entity in the eyes of the stakeholders. As mentioned earlier, a stakeholder is a group or individual who can have an effect on the organisation (Freeman, 1984). They include customers, employees, communities, government, and the environment, amongst others. Stakeholder management is about managerial actions taken in response to those stakeholders. Wood (1991) identified the processes as assessing stakeholder environments, managing stakeholder relations, dealing with stakeholder demands and expectations, as well as managing the organisation's power and influence towards a stakeholder. This action is significant to the whole business' operations and if properly executed, will contribute towards the long term survival of the organisation.

4.2.3.3 Issues Management

Issues management is concerned with the processes of investigating the management's approach to CSR issues within and outside the organisation. According to Jamali and Mirshak (2007: 248), issues management is the 'processes of investigation of the firm's approach to devising and monitoring responses to social issues'. In a similar vein, Wartick and Rude (1986: 124) defined issues management as 'the processes by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it'. Based on these explanations, it portrayed that issues management is a concept which links business and society. This means organisations have a responsibility of social obligation while fulfilling the traditional requirements from shareholders, which is making a profit. Other definitions or concepts are presented below. Table 4.2 outlines some definitions of issue management.

Table 4.2. Issue Management definitions

	Processes of Social Responsiveness (Issues Management)
Mele (2008) on Woods	Include internal/external issues. Examples 1) External; public-private partnership, community involvement, social strategies. 2) Internal; corporate ethical programs, code of ethics, etc
Wood (1991)	Information could be put to use in devising issue-response tactics and strategies (Brown, 1979; Chase and Chase, 1987) for the purpose of integrating social and business policies (Wartick and Cochran, 1985)
Jamali and Mirshak (2007) on Woods	Entails an investigation of the firm's approach to devising and monitoring responses to social issues

Management has a wide range of responsibilities and numerous roles in its social environment. Preston and Post (1975) divided managerial responsibility into primary and secondary responsibilities. Human resource management (HRM) is one of the primary responsibilities of management. Armstrong (2009: 5) had written in his book that the overall objective of HRM is 'to ensure that the organisation is able to achieve success through people.' People here refer to the employees. Since employees are among the stakeholders, management has to be wise in approaching any issues related to them. HRM is important as it is responsible for at least seven important organisational functions; namely, job analysis and job design, recruitment, selection, human resource planning, compensation, occupational health and safety, performance management, training and development. All these functions are linked to CSR as it involves employees. Bartram (2005) wrote that if organisations exercise formal HRM practices, it may actually help firms to formalise management's expectations of employees and communicate them effectively to these employees. This points out that HRM also has a great responsibility in ensuring the communication process runs smoothly and reaches the target audiences. Without efficient transmission of

information, it will be difficult to gain cooperation, coordinate actions and work together as a team. De Cieri et al. (2008: 4) stated that HRM has a strong link to policies, practices, and systems which influence employees' behaviour, attitude and performance'. This statement supports Bartram's view. Thus, it is again an evident that HRM plays a highly important role in any organisation.

The Silver Book (2006) stresses the importance of aligning organisational goals and strategy with CSR practices. In relation to CSR, management can use HRM practices to encourage employees' behaviour that are in line with, and geared towards achieving CSR objectives and values that are consistent with organisational goals. Management expect certain behaviours from employees and in the case of social responsibility, employees who are not equipped with knowledge of CSR concepts and practices may be unaware of appropriate role behaviours associated with and needed for the achievement of CSR goals. They may resist changes introduced to facilitate the actualisation of CSR goals and objectives. When it comes to new management practices, the tendency of minimal commitment and resistance to change is not limited to managers but also lower level employees (Armstrong, 2009). Furthermore, if the introduction of the new practices or strategies is not accompanied by detailed information and concrete reasons, it will take much more time to gain the support of the employees.

Preuss, Haunschild and Matten (2009) stated that the rise of CSR has had significant implications for HRM practices whereas Lockwood (2004) commented that HRM roles in an organisation are awash with CSR related tasks. Therefore, it is extremely important for HRM to communicate with their employees (Armstrong, 2009) regarding the new practices, or any ethical concerns HRM may have and how it will ultimately affect employees. However, in order to ensure employees have a clear message on CSR, HR specialists must first exhibit that they have digested and fully understood the broader concept of CSR. This shall assist them in conveying and convincing employees of the benefits of CSR and adoption of the recommended practices of the Silver Book, in this case. Most organisations have their own code of conduct which guides them in executing their daily tasks. Since ethics is one of the

issues facing an organisation, it is important for HRM to deal with this issue strategically in order to satisfy all the stakeholders and shareholders. In general, a HRM department can play a major role in CSR achievement through effective management of its seven functions.

Early detection and continuous monitoring of any social issues which might affect organisations will not only save an organisations' costs and resources, but may even impact on the organisation's ultimate survival. An example is the issue of CSR awareness among employees in the organisation. The whole CSR system would not function well if the level of awareness is zero, or at the minimal level. Getting employees to fully understand the real concept of CSR is a challenge to some organisations but may not be so to others. However, as Garriga and Mele (2004) noted, this process serves as an internal coordinating and integrating force that creates more systematic and effective responses to particular issues which may affect the organisation. This is the justification for its inclusion in the framework.

4.2.4 Management Systems and Processes

This section explores how the management systems and processes with regard to CSR practices are implemented in the GLCs. The role of HRM in areas such as training and development, leadership, communication, rewards and others, and how far they influence CSR implementation will be analysed and discussed. As is well appreciated, management systems and processes play a significant role in any operations. The structure of the system determines efficiency, effectiveness, redundancy, level of procrastination, and success or failure of an organisation. Jones (1980: 65) wisely noted that 'corporate behaviour should not in most cases be judged by the decisions actually reached but by the process by which they are reached'. The system or process which has been proposed as the fourth component has a different role compared to the processes of social responsiveness. The latter involves the processes of acquiring information through assessing and scanning the external environment, stakeholder demands, and internal and external social issues. The information gathered will then be utilised to the advantage of the organisation. The system suggested here is more concerned with the structure of CSR implementation systems and processes adopted

by the organisation; for example, CSR policy, who is involved, the unit in charge, documentation, evaluation, and so on. The effectiveness of the system will be reflected through the practices or implementation.

4.2.5 Outcomes of Corporate Behaviour

This section aims to elaborate on the outcomes of corporate behaviour as one of the components of the proposed model for CSR. Outcomes are divided into three parts which is comprised of social policies, social programmes and social impacts. It is proposed here that social policies should be at the first level and followed by social programmes and social impacts. This is slightly different from Wood's framework which placed social impacts first, and followed by social programmes and social policies. Wood though, does not dictate which is the first, second and third tier. Each component of outcomes is explained in the next section.

4.2.5.1 Social Policies

This section provides information on how relevant the social policies are to CSR implementation. Social policies are the policies developed by organisations to handle social issues and stakeholder interests (Jamali and Mirshak, 2007). Organisations must have a social policy before implementing CSR. The social policy acts as an important guide for an organisation in its involvement in social work. With a social policy the scope of CSR is better defined, transparent and clearer.

4.2.5.2 Social Programmes

Social programmes are programmes developed by organisations to implement the adopted social responsibility activities. Social policy will guide the outcomes of social programmes. A clear social policy will simplify the matter as an organisation knows which or what programmes are to be taken onboard for their CSR activities. The move towards a more sustainable CSR means that organisations have to design a more sustainable or long-term social programmes. Those who support arguments against social responsibility may probably suggest that spending money for long-term CSR programmes should be avoided. Davis (1973) noted although there seems arguments on social programmes expenses will actually result in better performance for business, this is actually the normal outcome which these programmes bring.

4.2.5.3 Social Impacts

Social impact can be briefly described as a way of understanding business-society relationships (Wood, 1991). The social impact of corporate behaviour needs constant evaluation as the result needs to be delivered to top management and the shareholders. Whether it is a positive, negative or neutral impact, the result will inform the organisation about what should be done in the next action. Social impacts are included under this component as organisations need information on the outcomes and implications of their CSR actions towards society. This is consistent with Porter and Kramer (2006) who both argued that social impact needs to be measured.

4.3   Chapter Summary

In brief, the proposed framework which comprises five important components, guides this study. From a literature review, important CSR models and frameworks, together with their components and elements, have been identified. Woods' CSP framework (1991) and Stakeholder Theory underpin this research. The proposed framework consists of five components which are: principles of CSR (motivations), core elements of CSR, process of corporate social responsiveness (action), management systems and processes, and outcomes of corporate behaviour. Core elements of CSR and management systems and processes are two additional components to the original Wood CSP model. These two components are added because it is believed will strengthens and gives added structure to the model, which in turn should lead towards more precise and structured CSR practices.

It will be argued that the CSP framework and stakeholder approach derived theoretical framework proposed in this chapter provide a suitable analytical approach for understanding how the Silver Book influenced CSR practices in the Malaysian GLCs. Each component has its own sub-components which were identified as significant elements in CSR implementation. The proposed framework should close the gap found in the current CSR framework and be prepared to be applied to meet the social changes and expectations as well as business requirements with regards to CSR.

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The proposed framework is used as the basis in developing the research design strategy and methodology which will be discussed in the next chapter. The framework answers the five research questions established for this research. Consequently, the proposed framework contributes to CSR literature while also addressing some of the criticisms, and offering an explanation for the still rather ambiguous and 'vague' concept of CSR. The next chapter will discuss in detail the methodology adopted for this study.

Chapter Five   Research Methodology

5.0   Introduction

The purpose of this chapter is to present the philosophical assumptions underpinning this research and the adopted research design and methodology. This study examines how the introduction of the Silver Book by the Malaysian government influenced CSR practices in GLCs. The view taken in this study is that CSR involves all aspects of life and various stakeholders (Freeman, 1984) and is significant to business (Carroll, 1989), but organisations need a clear guideline on how to implement CSR. Porter and Kramer (2002; 2006) explicitly identified that CSR can lead to competitive advantage. Since this study seeks to understand the processes and outcomes of individual experiences, it relies heavily on the participants' views of the situation being studied. A qualitative approach is adopted for this research as it will assist in acquiring descriptions of the real world and later interpret their meaning.

The philosophical assumptions underpinning this study are based on constructivism or interpretive knowledge claims. The research strategy adopted is case study, focussing on ten organisations. The main data collection methods used in this study are interviews using semi-structured and open-ended questions, and the analysis of relevant reports and documents of organisations (secondary resources).

This chapter is organised as follows. Firstly, the chapter explains the choice of a research paradigm. The second section discusses the research design and framework. Thirdly, the chapter presents the research strategies adopted to conduct this study. The next section of the chapter focuses on the data collection methods, and finally this section summarises and concludes the chapter.

5.1　The Research Paradigm

A research paradigm is a practical approach to epistemology that explains the theory of knowledge in the theoretical perspective (Creswell, 2003), and the foundations to develop instruments to collect data. Creswell identified four paradigms which are presented as 'knowledge claims' (Table 5.1). Alternatively, knowledge claims are also known as paradigms (Lincoln and Guba, 2000), and there are four basic beliefs associated with paradigms: axiology, ontology, epistemology, and methodology (Guba and Lincoln, 1994). These four research paradigms can be differentiated according to the type of data they gather, usually referred to as quantitative data or qualitative data (Blaikie, 2003). This study uses the constructivism paradigm. The reason why constructivism is chosen together with a brief explanation of the other paradigms is discussed in the next paragraphs.

Table 5.1. Alternative Knowledge Claims

Post-positivism: Determination, Reductionism, Empirical Observation and Measurement, Theory Verification	Constructivism: Understanding, Multiple participant meanings, Social and historical construction, Theory generation
Advocacy/Participatory: Political, Empowerment issue-oriented, Collaborative, Change-oriented	Pragmatism: Consequences of actions, Problem-centered, Pluralistic, Real-world practice oriented

(Adopted from Cresswell, 2003)

5.1.1　Positivism/ Empiricism and Post-positivism

This method generally involves experience and evidence (Bryman, 2004) and is concerned with what is unknown rather than current knowledge, and aims for generalisations rather than the contextual (Philips and Burbules, 2000). This claim is sometimes known as the 'scientific method' (Creswell, 2003). It is also known by various other terms such as quantitative research, empiricism or positivism. According to Philips and Burbules (2000), one cannot be positive about their claims of knowledge when studying human behaviours and actions. Thus, post-positivism

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relies upon standards, methods, and research designs to assess true claims (Bryman, 2004).

5.1.2 Advocacy or Participatory Knowledge Claims

This group of knowledge claims is for marginalised groups and individuals in society and addresses issues of social justice (Creswell, 2003). Thus, advocacy or emancipatory researchers believe that inquiry for this research must include political agenda and agenda for reform. This may lead to change in many aspects such as life and the workplace.

5.1.3 Pragmatic Knowledge Claims

Pragmatic knowledge claims can arise from certain situations and consequences rather than antecedent. Tashakkori and Teddlie (1998) stated that pragmatism underpins mixed method research, which means researchers can use both qualitative and quantitative approaches in their research. One of the interpretations of pragmatism research is that there is a greater focus on the research problem.

5.1.4 Constructivism

Constructivism is rooted from the philosophy of phenomenology and study of interpretive understanding (Mertens, 2010). Creswell (2003) identified constructivism as qualitative research. Spinelli (1989) identified three goals of phenomenology: first, to describe the subjective element of experience in an objective manner; second, to show how the mind influences the understanding of reality; and third, to establish a separation between the individual's consciousness and the object of consciousness. This knowledge has an assumption that individuals seek understanding about certain things through developing subjective meanings of their experiences (Cresswell, 2003). Thus, researchers who seek knowledge through constructivism have to depend on the participants' views and explanations. Cresswell (2003: 8), further explained that constructivist researchers normally 'focus on specific contexts in which people live and work in order to understand the historical and cultural settings of the participants, thus present a holistic picture of a construct'. Constructivism has received several negative critiques: most logical positivists describe phenomenology

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as merely introspection (Moran, 2000), it is a described construct rather than analysis, or it confirms a theory to explain it (Pollio, Henley and Thompson, 1997). Cerbone (2006) argued that the researcher can never directly observe or obtain participants' experiences without involving biases and assumptions. Creswell (1998), however, believed that a researcher who wishes to apply constructivism or phenomenology, must have a strong knowledge of philosophy, and must carefully selected the participants who have relevant experience with the construct.

This research does not concern itself with an exploration of 'truth claims', which would require a positivist approach. The focus here is on contextual, experiential data, such that will be gained from a constructivist approach. Participatory approaches also address experience, however, they contain another aims: to address inequalities and promote reform. That is not the purpose of this research. While a pragmatic approach would also explore real life practices, it is essentially a problem-based approach. This research seeks to investigate and identify an experience rather than a problem.

Based on the criteria of the four approaches described, constructivist knowledge claims are identified as the appropriate paradigm within which to undertake this research, which relies heavily on human participation and life, and the work experiences of participants. Since a constructive approach is qualitative (Creswell, 2003) the elements of qualitative inquiry will be identified and explained in the next section of the thesis.

5.1.5 Assumptions and Beliefs on the Qualitative Approach

The subject to be researched is concerned with the new guideline for CSR, known as the Silver Book; this subject has not been widely studied in a developing country like Malaysia. Moreover, since the Silver Book was just introduced in the third quarter of 2006, Morse (1991) would suggest a qualitative exploratory approach since it is a concept or phenomenon that needs to be understood due to little research having been done.

This study is built on the basis of understanding the actual practices and realities that exist in human interaction. Thus, it requires an interpretive method of inquiry to understand the detail of participants' experiences in the adoption of CSR in GLCs. There are several other advantages in adopting a qualitative approach. Since this process requires the researcher to conduct research at the actual site, Rossman and Rallis (1998), concede that the qualitative researcher is able to obtain detailed information from the participants. Furthermore, qualitative research uses multiple methods that are interactive and humanistic. Das (1983) and Patton (1987) suggest that a qualitative approach provides a broad, holistic perspective for research. Bryman (1984) perceived that this approach can lead to new or unanticipated findings, which is sensitive to complex environments, and it can provide a better understanding of the processes. This suggests that a qualitative approach is important, legitimate and especially relevant for this study, which seeks better understanding on the process of implementation of the Silver Book for CSR related activities.

5.2   Research Design

The major aim of this section is to discuss the design, method and techniques applied in this study. This study used a broad qualitative research approach relying on in-depth key informant interviews. The Silver Book has not been widely studied by academic scholars. Furthermore, since the Silver Book was just introduced in 2006, qualitative exploratory research is more suitable than quantitative experimental research. This is supported by Morse (1991) who argues that a qualitative approach suits the study if a concept or phenomenon needs to be understood due to little previous research.

CSR is a subject of which the awareness level in developing countries such as Malaysia is limited. Since this study requires an interpretive method of inquiry, qualitative methods are appropriate to provide the data (Yin, 1994). The key informant interviews are important as they have better knowledge and understanding of the new guidelines. According to Tremblay (1957) this technique suits to the kinds of qualitative and descriptive data collection that is time-consuming to gather through structured data gathering techniques. Furthermore, the process develops the

informant's skills to recall facts (Tremblay, 1957), as they are considered as gatekeepers regulating access to people and information, and are cultural experts (Bernard, 1995a)

CSR is a socially constructed concept, therefore subject to variety of issues such as social, economic and political pressures (Hoque and Hopper, 1994). Yin (1994) wrote that to obtain the results for the outcomes of a new governmental programme, the most appropriate strategy is to use a survey, or through an examination of economic data. However, this study goes beyond that. The study examines 'how' the programme initiated by the Government (which in this case is the Silver Book), has been implemented. Thus, the interview strategy is appropriate to examine the findings

5.2.1 Unit of Analysis

This research is conducted on the Government-Linked Companies (GLCs) in Malaysia, thus GLCs are the unit of analysis for this study. The criteria for choosing the GLCs was that they were on the list of the big GLCs, known as G20 at the time of data collection period, which was carried out between December 2009 until February 2010. The list was prepared by Khazanah which is widely known as the investment arm of the Malaysian Government. However, it is important to note that the G20 number may fluctuate due to mergers and acquisitions. As at that period, there were only 19 top GLCs (under G20) and overall 31 GLCs listed under the GLC Transformation Programme (GLCTP) by Khazanah. The GLCs were contacted by telephone and after identifying the contact person, a formal introductory letter highlighting the purpose of the interview was emailed (upon their request) to each of them. The initial plan was to obtain interview data from the general GLCs (31 GLCs), however, it was finally reduced to the G20 as the response (within the seven months before the scheduled data collection materialised) shows only GLCs in the category of G20 accepted to be interviewed. The request was made to conduct interviews with several representatives from senior management and above or heads of departments, with a special request to interview the human resources senior managers. The interviewees suggested by each GLC, however, include managers and senior managers, who are mostly the heads of their communication unit, strategic planning

unit and CSR unit. Only one human resource manager agreed to participate in the study.

The total number of GLCs willing to participate in this study is ten G20, and also included in this study as a source of data is Khazanah. It is important to obtain data from Khazanah (as a monitoring body for GLCTP) as a check and balance. Furthermore, their view shall represent the policy maker or government side and from GLCs as policy implementer.

5.2.2 Sample of Unit of Analysis Background

GLCs are defined as companies that have a primary commercial objective in which the Malaysian Government has a direct controlling stake (www.khazanah.com.my). A GLC can be a private or public listed company, and they can operate independently through their own business. The GLCs agreed to participate will be identified as GLC1 to GLC10. In addition, a brief background of Khazanah and each interviewed GLCs is briefly presented below.

5.2.2.1 Khazanah

Khazanah Nasional is the investment holding arm of the Malaysian Government. Khazanah is empowered and responsible as the Government's strategic investor in new industries and markets. The main objective of Khazanah is to promote economic growth and make strategic investments on behalf of the Government which would contribute to nation building.

5.2.2.2 GLCs and Sectors

GLCs are divided into several sectors based on their core business. The Bursa Malaysia listed sectors are: plantation, construction, finance, consumer products, trading or services and others for listed companies including GLCs. Khazanah also has its own list of sectors for GLCs in which they have stakes. This study does not critically compare the adoption of the Silver Book and influence towards CSR implementation among the interviewed GLCs according to their sector, however, it is relevant to identify under which sector these ten GLCs are categorised. Details of each organisation are discussed in Chapter 6.

5.3   Research Strategies

A clear research design identified in the previous section helps develop the presentation of this thesis and after identifying the alternative knowledge claims, it is important for the researcher to decide on the strategy of inquiry that provides specific direction for the research design. Strategy of inquiry is also identified as methodology (Mertens, 1998). Based on the above explanation on alternative knowledge claims, this research views constructivism as the most suitable and relates with the proposed study. A qualitative approach will guide this study. Since the kind of approach to be used for this study has been selected, the next discussion focuses on a methodology of inquiry using a qualitative approach.

Creswell (2003) explicitly identifies five kinds of inquiry: narratives, phenomenologies, ethnographies, grounded theory, and case studies. These methodologies are frequently used in social sciences research. A narrative research is a form of research whereby the researcher studies the lives of individuals and the findings will be presented into a narrative chronology (Clandinin and Connelly, 2000), and normally involves voice, stories and the word of speaker. A phenomenological research is a prolonged engagement study which tries to identify the essence of human experiences by studying a small number of subjects in order to develop patterns (Moustakas, 1994). Gobo (2011) defines ethnography as methodologies based upon direct observation which include: watching, seeing, looking at, gazing at, and scrutinising and also listening and asking to the actors observed, and reading some related documents. Creswell (1998) defined ethnography research as a study about a subject in a natural setting over a prolonged period of time. Grounded theory is a strategy involving multiple stages of data collection, refinement and interrelationship of various categories of information (Strauss and Corbin, 1990; 1998), and case study is a strategy of research through which a researcher explores a subject that they classified as programme, event, activity or process extensively. Stake (1995) pointed out that a case study is normally bounded by time and activity. This research does not study the individuals, does not involve a prolonged time to determine the pattern, and does not involve multiple stages of data collection, thus based on the explanation of the five strategies associated with

qualitative approach, and in relation to the research questions (discussed in Chapter One), it is decided that in-depth interviews are the best strategy for this study. This is in line with Foucault (1977), Yin, (1994), Byrne (2004) and Creswell (2003), who explained the advantages of interviews. Details about the interviews are explained in the next section.

5.4 Data Collection Methods

Miles and Huberman (1994) define data collection as a process of identifying the purposefully selected sites or individuals (participants, sites, documents or visual material) for the proposed study. Creswell (2003) describes data collection steps as setting the boundaries for the study, collecting information through unstructured (or semi-structured) observations and interviews, documents and visual materials, as well as establishing the protocol for recording information. De Vaus (2010) identifies several methods of data collection which include: questionnaires, observation, structured or unstructured interviews and others. These methods apply to quantitative or qualitative research. Creswell (2003) lists the traditional qualitative methods of data collection as: open-ended interviews, observations and documents; however, advanced technology permits data collection via emails as well. Silverman (2006) identified four major methods used by qualitative researchers which include: observation; analysing texts and documents; interviews and focus groups; and audio and video recordings.

Observation is a situation whereby a researcher collects data by visiting a research site with the main aim of gathering firsthand information in a natural setting. Silverman (2006) noted that the observation method has been fundamental to the qualitative approach, however, the method is not generally seen as very important in this study. Observation does not involve interaction with the participants as a researcher usually just stays close to the participants or groups and observes. Document analysis is a method involving the treatment of texts and documents or secondary data. A written document is a form of qualitative analysis and is widely used in a range of settings. This is especially used in analysing accounting disclosure through a company's annual reports.

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The interview process is a situation in which a researcher collects data by visiting a research site with a set of open-ended questions. This allows the participants to talk openly about a topic. The interview process is aimed at eliciting and recording the views and opinions of participants who have a close experience with the topic of research. Yin (1994: 84) believed that 'interviews are one of the most important sources of case study information'. Meanwhile, Fetterman (1998) believed that interviews provide the opportunity for a researcher to understand the culture through language and expression they witnessed during the interview. Tape-recording is sometimes allowed, but it is upon their permission. Although permission is allowed, hand-written notes are a must for back-up.

Based on the above explanation, this study employs interviews as a major data collection method and analysis of relevant reports and documents to support the data. Adopting these two methods is deemed suitable for this study as the study involves real life experiences and processes in their natural setting while document analysis from secondary data is important to support the claims made by the participants' actual experiences. Details are explains in the next section.

5.4.1 Interviews

There are several types of interviews which include face-to-face interviews (individual or group), and telephone interviews (Cresswell, 2003). The answers produced from the interview must subsequently be coded. This method is commonly used in both quantitative and qualitative research. In quantitative research, the reliability of the interview and sample size is important issues. In qualitative research, authenticity rather than sample size is an issue (Silverman, 2006). This research adopted face-to-face interviews with open-ended questions as it is the most common method applied in qualitative approach research (Fontana and Frey, 1994; Silverman, 2006). Furthermore, since the subject of the Silver Book is new, and CSR awareness itself is considered low in Malaysia, this method is considered the most suitable. It is also hoped that through interviews, the interviewees will be able to give more detailed accounts (rather than perception), and explain how they use the Silver Book and attach it with CSR activities. This is in line with Foucault (1977), who observed the

difference between the observation method and interview method. His views is that observation only involves observing, but interviews can lead to further explanation which could help the researcher develop more links or relationships between certain issues. This is also in line with Byrne (2004), who explained that if a researcher conducts the interview well, he/she is definitely able to achieve a rich and complex collection of data which is not available through other methods such as survey or questionnaire based research.

The setting of the interviews for this study was through appointment and visiting the participants at their organisations to gather information personally. Most GLCs had three representatives, one GLC with two representatives, and one GLCs with only one representative (due to having to attend urgent meetings). Participants were first asked to read the 'Participant Information Sheet' (see Appendix 3). After that, if they agree to participate, they have to sign the 'Consent Form' (see Appendix 4). Participants were interviewed individually and all interviews were tape-recorded. The length of each interview session was 45 minutes to one hour. In total, approximately about 12 semi-structured and open-ended interviews were conducted anonymously. A sample of the full set of questions can be referred to in Appendix 5. All interviewees have significant experience in relation to CSR issues and the common practices adopted; however, not all are confident in sharing their experience with the Silver Book implementation. The interview ends with the participants being informed about the withdrawal process upon which they can exercise their rights of withdrawal as participants in this study (see Appendix 6).

As for the document analysis, the documents include the annual reports from 2004 to 2010 and individual CSR reports. The case descriptions of the 10 GLCs are based primarily on responses to semi-structured interviews using open-ended questions. The questions are broadly and generally designed based on the literature, especially derived from Carroll (1979) and Wood (1991); and the designed research questions (as outlined in Chapter One), in the hope that the interviewees can construct detailed meanings and critical views of the research topic. Bernard (2000) describes semi-structured interviews as suitable for interviewing professionals who cannot be easily

reached on separate occasions. Creswell (2003) has written that the more open-ended the question, the better, as this could mean more explanation could be obtained from the interviewees, which will definitely assist in data analysis and possible findings. Jamali and Mirshak (2007) have previously used semi-structured interviews in their research on CSR.

Based on the above reasons and with the intention to access directly what happens in a real life situation in the organisations (pertaining to the Silver Book and CSR), this study adopts interviews and document analysis as a method to obtain the data. Table 5.2 summarises the details.

Table 5.2. Number of Interviews, Position and Documents

No	GLCs	No of Interviews and Position Total: 30	Documents
1	GLC1 (3)	GLC1-1, GLC1-2, GLC1-3: HR Manager, Senior Manager (Environment), CEO (Real Estate Division)	Annual Reports 2004-2010
2	GLC2 (3)	GLC2-1, GLC2-2, GLC2-3, GLC: General Manager (Strategic Dept.), Senior Manager (in-charge of Transformation), Manager (Environment & Safety)	Annual Reports 2004-2101; CSR Report
3	GLC3 (3)	GLC3-1, GLC3-2, GLC3-3: Officer (Corporate Communication, Managing Director (CSR), Manager (Environment & Safety)	Annual Reports 2004-2010

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4	GLC4 (3)	GLC4-1, GLC4-2, GLC4-3: Senior Manager (Business Development), Senior Officer (CSR), General Manager (Corporate)	Annual Reports 2004-2010; CSR Report
5	GLC5 (2)	GLC5-1, GLC5-2: Manager (CSR), Senior Officer (CSR)	Annual Reports 2004-2010; CSR Report
6	GLC6 (3)	GLC6-1, GLC6-2, GLC6-3: General Manager (CSR), Senior Officer (Environment & Safety), Officer (Corporate)	Annual Reports 2004-2010
7	GLC7 (3)	GLC7-1, GLC7-2, GLC7-3: Manager (Corporate), Senior General Manager (Strategic Planning), Officer (Procurement)	Annual Reports 2004-2010
8	GLC8 (3)	GLC8-1, GLC8-2, GLC8-3: Manager (CSR), General Manager (Corporate), Officer (Corporate)	Annual Reports 2004-2010
9	GLC9 (1)	GLC9-1: Manager (Corporate)	Annual Reports 2004-2010
10	GLC10 (4)	GLC10-1, GLC10-2, GLC10-3, GLC10-4:	Annual Reports 2004-2010

11	Kz (2)	Kz1, Kz2: President (Strategic/Corporate/CSR), Vice President (Strategic)	
		Manager (CSR), Senior Manager (CSR), Manager (Corporate), Officer (Loans)	

5.4.2 Audio and Video Recording

This involves the usage of audio and video recordings to obtain the data. Silverman (2006) wrote that this method is in an increasingly important part of qualitative research, but rarely used in quantitative research. The data recorded (transcripts) is transcribed and this provides an excellent record or highly reliable record (Silverman, 2006) of natural face-to face interaction. Some people see this method as not an actual method, but as a means of recording data. This study also used audio recording during the interviews, for recording data. All interviewees were clearly informed before the interviews began.

5.4.3 Document Analysis

This method involves the treatment of texts and documents or secondary data. For this study, aside from the interview method, relevant documents related to the study will also be analysed to support the interview data. Organisations normally produce significant documents such as reports, prospectuses, financial accounts and other written materials. Atkinson and Coffey (2011) state that all those documents are meant for external viewing, however, they may also be the methods through which organisations publicise themselves; compete with others; and justify themselves to clients, shareholders and other key stakeholders. They further noted that all those written documents can be used to inform future action. Documents like annual reports and bulletins are sources of information. However, one must understand that they are not representing the transparency of organisational routines, decision-making

processes, or professional practices (Atkinson and Coffey (2011). As for this study, the documents analysis include: the GLCs'annual reports from 2004 to 2010 and individual CSR reports.

5.4.4 Data Collection Analysis

The data collected from the interviews was personally transcribed. Since the participants were allowed to use both English and the Malay language, some data in Malay had to be translated first. All transcribed data was stored and coded using the NViVO 8 software. The data was first coded under the tree nodes based on the research questions. Secondly, based on the responses, several themes were identified and second tree nodes were created. The data was organised according to the emerging themes, reviewed repeatedly and continually coded. This is in-line with the requirement of Yin (1984, 1989) who wrote that in ensuring validity of data analysis, the researcher must check the consistency of patterns of theme development or generalise some aspect of multiple case analyses.

5.5 Chapter Summary

This study employs a qualitative approach as it investigates the actual events in natural setting. Since it falls under the constructivism paradigm, the study has to depend on the participants' views and explanations. As this study investigates the influence and relationship to the implementation process, in-depth interviews with key informants were chosen as the research design. There are 10 Malaysian GLCs, which are grouped under the G20, involved in this study, and the main focus is to examine only the global nature of an organisation or a programme. In obtaining the data, there were two methods used: interview (with semi-structured and open-ended questions), and document analysis (review of relevant documents such as annual reports, CSR Reports). The result is not trying to generalise, however, it may provide a certain kind of pattern of the implementation of the Silver Book for CSR activities in Malaysian GLCs, and how much does it influences their CSR practices.

Chapter Six   Findings

6.0   Introduction

The purpose of this chapter is to present an analysis of the interview and document analysis of data from GLCs, and Khazanah, based on the research questions (i.e. how does the Silver Book impact on the CSR activities of Malaysian GLCs?; What is the motivation of GLCs adopting CSR?; How the CSR process implement in GLCs?; What are the challenges in adopting CSR practices using the Silver Book?; and What are the perceptions of managers in GLCs concerning the outcomes of current CSR activities?). The individual interviews were held with the senior management officers in charge of CSR and the Silver Book from the top ten GLCs, and Khazanah as the main initiator and monitoring body for the GLC Transformation Programme. It is important to obtain some views from Khazanah as they compile the progress reports on the Transformation Programme (including reports on the Silver Book and CSR). The information received from Khazanah is hopefully able to provide some related findings concerning the adoption of CSR and actual implementation of the Silver Book among GLCs.

In terms of terminology most of the interviewed GLCs use the term CSR in exchange with Corporate Responsibility (CR). Thus, throughout this chapter CSR and CR terms are used interchangeably. The findings are structured and analysed based on the research questions and presented according to individual GLCs. The structure of this chapter is as follows. The first part introduces each case study organisation involved in this study. The second part comprises findings for the principle question of this thesis, the influence of the Silver Book on CSR practices. This section presents: the meaning of CSR; company practices of CSR; the meaning of the Silver Book; a comparison of findings before and after the introduction of the Silver Book; and a brief summary.

The third section presents the findings on motivations of GLCs in adopting CSR practices. Six main themes and two minor themes emerged from the data: sincerity, reputation, support from top management, goodwill or passion, employee

participation, responsibility to the people, assistance to the government, and tangible reward. The fourth section is CSR process implemented in GLCs. This section presents the findings of CSR process in GLCs according to the Silver Book guideline. The fifth section reveals the challenges in adopting CSR in GLCs. This section presents challenges faced by each GLC in adopting CSR using the Silver Book. In the final section, the perceptions of the managers concerning the outcomes of current CSR activities are presented.

6.1 GLCs and Sectors

GLCs as unit of analysis in this study are divided into several sectors which include: plantation, construction, finance, consumer products, and trading or services. As mentioned in the Chapter Five, this study does not critically compare the adoption of the Silver Book and influence towards CSR implementation among the interviewed GLCs according to their sector, nevertheless, it is relevant to identify under which these ten GLCs are categorised.

GLC1 – Plantation Sector

GLC1 is a public listed company and is listed under the plantation sector by the Bursa Malaysia. The organisation has a comprehensive range of business interests. Under Bursa Malaysia, this organisation has been listed under the plantation sector since 1961. GLC1 has over 100 subsidiaries and associates. Today, GLC1 is active in various sectors of the Malaysian economy including: heavy industries, property, finance and investment, trading and manufacturing services. In terms of CSR, GLC1 made a clear statement that they will continue to reach out to the communities in which their business is operating. GLC1 has made various positive contributions towards the community long before the Silver Book was established; however they will complement the Silver Book framework for CSR. GLC1's CR policy acts as the impetus towards four quadrants which include: community, workplace, environment, and marketplace.

GLC2 – Consumer Products Sector

GLC2 is a leading industrial enterprise with diverse and global interests in the automotive, equipment, manufacturing and engineering, and oil and gas industries. It

is categorised under consumer product sector by Bursa Malaysia. In terms of CSR, GLC3 works on the concept of 'something we want to undertake' and not 'something we have to undertake'. The focus is not limited to philanthropy and covers the four dimensions of: marketplace, workplace, environment, and community. This organisation is the first Malaysian corporation to be awarded the Global Reporting Initiative (GRI-G3) Application level A (+) certification for its CSR reporting.

GLC3 – Trading and Services / Transportation and Logistics Sector

GLC3 was incorporated in 1937 under a different name. In fact, the present name of GLC3 was established in 1972. This corporation started providing services at a regional level but rapidly expanded its services worldwide. Khazanah has categorised GLC3 under the trading and services sector whereas Bursa Malaysia has listed it under the transportation and logistics sector. GLC3 holds a lengthy record of service and best practices excellence and in the past 10 years, and has received more than 100 awards. In 2010, GLC3 received 5 important awards of which one includes the Staff Service Excellence for Asia Award. CSR is not new in GLC3 and they have been involved in many CSR programmes specifically philanthropic activities.

GLC4 – Trading and Services / Utilities Sector

GLC4 is the largest utility company in Malaysia. It is a public listed company and employs more than 27 000 employees. Bursa Malaysia has categorised GLC4 under the trading and services sector and Khazanah has placed it under the utilities sector. Its core business involves generation, transmission, and distribution of electricity. GLC4 continues to lead the effort in fostering economic growth and social development in the country. In relation to CSR, GLC4 has its own CSR policy. Philanthropy is one of CSR activity, however, at present CSR in GLC4 goes beyond just philanthropy and sponsorship activities. The powering the nation concept sets the tone for CSR in GLC4.

GLC5 – Construction Sector

GLC5 is in a business of property development and an investment company. This organisation started its business in 1969, and only in 1981 it is known as GLC5. Its main core business is construction, and thus Bursa Malaysia has categorised it under the construction sector. Along the years, the business has expanded and some

business has been de-merged from its core, and today GLC5 is recognised as fully-integrated and multi-disciplinary with expertise in civil and infrastructure development. With respect to CSR, GLC5 has divided its focus into core and non-core. Core is comprised of the environment and children. Non-core includes philanthropy and employee welfare. This organisation has also received several awards in relation to CSR, such as: winner for environmental performance report (2009) and platinum award for best CSR reporting 2008.

GLC6 – Infrastructure and Construction Sector

GLC6 started its operation in 1966. Its core and related business is comprised of expressways, township and property development, engineering and construction, and asset and facility management. Khazanah has categorised GLC6 under the infrastructure and construction sector. GLC6 has been delivering its expertise especially in infrastructure project not just to Malaysia but also overseas. In terms of CSR, sustainability is the key focus. It is because they believe that a business has a chance to be sustainable if its sustainability effort is recognises starts from today. This organisation confirmed their wide-group responsibility for the environment, society (community), employees and economic performance. And all these are aligned with their strategic business priorities.

GLC7 – Finance Sector

The background history of GLC7 can be traced back in 1950 when it was first incorporated (under a different name). It was later listed on the Kuala Lumpur Stock Exchange (currently known as Bursa Malaysia) in 1970 and Bursa in 1972. Bursa Malaysia has categorised GLC7 under the finance sector. Under its core business, GLC7 offers both Islamic and conventional products and services. In relation to CSR, GLC7 always recognised CSR as part and partial of its business. The focus is based on four dimensions of the workplace, community, and marketplace.

GLC8 – Trading and Services / Transportation and Logistics Sector

GLC8 was incorporated in 1991 and later incorporated as a public limited company in 1999. GLC8 is placed under the trading and services sector by Bursa Malaysia, and the transportation and logistics sector by Khazanah. The core activities of this organisation include management, operations, maintenance and development. Its

subsidiary companies offer a range of businesses from aviation to non aviation products and services. With regard to CSR, the focus of this organisation is to provide the utmost support for future generations socially, economically and environmentally. However, its main approach to CSR is focusing on the four dimensions of community, environment, people, and suppliers. In line with their continuous support towards CSR, GLC8 is committed to pursue their CSR to corporate sustainability. In 2011, GLC8 received Green Leadership Award of the Asia Entrepreneurship.

GLC9 – Finance Sector

GLC9 started its operations in 1983. This organisation is categorised under the financial sector by Bursa Malaysia, rooted from Syariah (Islamic)-based and has played a significant role in setting the growth of Islamic financial services in Malaysia. The products and services offered by GLC9 range from traditional financing, savings and investment to micro-financing, to fulfil various needs and demands by the customers. GLC9 is a fast growing network with 119 branches throughout the country. In recognition of its prominent services, for about three years (2009, 2010 and 2011) GLC9 has been awarded the Reader's Digest Platinum Award for being the most trusted brand. In the context of CSR, this organisation shows their commitment and initiatives to: inspire the workplace, enrich the marketplace, elevate communities, and sustain the environment.

GLC10 – Finance Sector

GLC10 was incorporated in 1975 as a private limited company and is placed under the financial sector by Bursa Malaysia. From then and until 1991, GLC10 changed its name for four times. GLC10 started as a credit company and through a series of mergers and acquisitions, this organisation has changed its group organisational structure. The core activities of GLC10 include commercial, Islamic banking, investment banking services, insurance and others. In relation to CSR, GLC10 is involved in providing homes for poor people and education.

6.2 The Influence of the Silver Book on CSR Practices in GLCs

There is no doubt CSR has long been in practice in GLCs, even before the introduction of the Silver Book. However, since its introduction, it is said to have

been able to assist the adoption of CSR in GLCs, thus it is important to analyse and evaluate how GLCs have been adopting the Silver Book, and whether it plays a significant role in influencing present CSR practices in GLCs. The findings below examine their views which are used to explore the first research question.

6.2.1 Company Practices of CSR Before the Silver Book was Introduced

This section presents findings from interviewed GLCs about CSR practices before the Silver Book was introduced. It is significant to gain insight on the previous adoption of CSR as it may provide clarity for comparison of CSR practices. The findings are structured into two sub-sections: understanding the meaning of CSR, and CSR practices before the Silver Book was introduced.

6.2.1.1 Understanding the Meaning of CSR

Understanding the meaning of CSR among the participants seems to have an almost similar pattern. The philosophy of giving back to society which continuously supports their business makes GLCs feel that they have a certain degree of responsibility, and this is translated by providing social assistance for them. Nonetheless, it is beneficial to start the case with how each GLC defined CSR before the Silver Book was introduced. Table 6.1 summarises the findings on understanding the meaning of CSR before the Silver Book arrived.

Table 6.1. GLCs' definition of CSR before the arrival of the Silver Book

GLCs	Definition
GLC-1	- Corporate commitment and obligation - Concern towards society and the environment - Involves some kind of contributions and wider stakeholder
GLC2	- Voluntary work to help others - Giving back to the people -
GLC3	- Giving back to society - Working within the law
GLC4	- Giving back to society, the environment - Corporate initiative to help others - Philanthropy

GLC5	- Philanthropy
GLC6	- Helping other people in need - Taking care of the environment
GLC7	- Conducting business in a responsible manner - Giving back to society - Creating values to shareholders and stakeholders
GLC8	- Contribution to society
GLC9	- Act of engaging business with public/people
GLC10	- Giving back to the people - Social assistance to the people
Kz	View CSR in GLCs as 'an action of doing charity work'

GLC1

In the case of GLC1, all interviewees see engaging with society as a form of goodwill. However, the level of understanding of the real meaning of CSR to the organisation and what actually constitutes CSR differs among the interviewees. GLC1-1 sees CSR as a commitment as well as an obligation on a corporate basis. GLC1-2 emphasises some connection between the environment and CSR. According to him, GLC1 is very focused on ensuring they do not affect the environment while executing their operations. Furthermore, they have to strictly adhere to the rules by the Department of Environment (DOE). His statement (below) also shows that the organisation also does not neglect the people affected by their business operation.

> '*You have the responsibility to the population everywhere…, and make sure that the surrounding is been taken care... What you have taken out from the area you have to give something back to them…*'

The above statement shows that the company does not neglect the people and environment affected by their business operations.

GLC1-3 appears to have strong knowledge of what CSR actually means. His responses that CSR constitutes wider stakeholders, such as society, employees and the environment in general, shows his higher awareness of CSR. However, he did

comment that almost everyone in this organisation define or understand CSR as limited to philanthropy. Which means CSR is only some kind of contribution of tangible items to people. GLC1-3 views this understanding as a narrow spectrum, and below are his remarks; *'everyone tends to just define CSR as donations... normally that is what they see CSR, but by right CSR definition is wide.'*

GLC2

GLC2 has long been involved in CSR. According to GLC2-1, they have been implementing numerous CSR activities, but she believes many define CSR as voluntary work to help the underprivileged. GLC2-2 and GLC2-3 define CSR as an action of giving back to the people after what the organisation gains in their business. The CEO's tagline which states that CSR is something that 'they want to do and not something they have to do' has guided their philosophy of CSR so far, thus sharing the wealth with the people who are supporting their business is what they want to execute.

GLC3

On a similar note, GLC3 also views CSR as an opportunity to give back to society. The interviewees realise that without the support of their customers and the surrounding people where their business is operating, the business could not sustain their operations. GLC3-1 for example highlights his view on CSR as:

> *'To me ... CSR is an organisation's form of goodwill to contribute back to society in which it is operates.'* (GLC3-1)

Instead of a solid view on how they define CSR, GLC3-3 further adds a different aspect of CSR in GLC3. He sees CSR in this kind of business (which is categorised as transportation and logistics) as working within the law. Thus, helping society in general through philanthropy is part of CSR, but another aspect which is most important is to ensure safe operation. Here is his remark:

> *'The most important thing under the context of understanding CSR is that you must provide what your customers expect ... you need to ensure that people are safe ... to sustain the businesses.'*

GLC4

The findings from GLC4 demonstrate that interviewees have a common ground of understanding of CSR. CSR is defined as an action of contributing back to society specifically to communities who live close to their plants and are affected by their business throughout this country and overseas. For example, GLC4-1 stresses: *'CSR means… we have to contribute back our resources to the overall citizens or the environment ....'* This statement can be briefly analysed as showing that they at least view other aspects, such as the environment, as CSR.

GLC4-2 shares his knowledge on CSR claiming that CSR is not a new concept to this organisation. They have been looking into the social well-being on a CSR platform for many years but accentuate it as one of their corporate initiative activities. Below is the fragment of the interview; '*CSR is actually nothing new.... it is not responsibility. We call it corporate initiative... to help the needy in the area of utility.'* (GLC4-2)

Another term which is also stressed by GLC4 is CSR as philanthropy. According to GLC4-3, they did not refer to it as CSR when the concept was introduced in this organisation, but instead it has been known as philanthropy.

GLC5

In the case of GLC5, the practice of CSR has taken place for a long time in this company. However, it is known as philanthropic activity. GLC5-1 mentions that their most adopted approach to philanthropic activity is through donations of tangible items. GLC5-2 supports the former and admits the organisation has no knowledge of other areas being considered as CSR. This is evidenced in the statement below:

> '*Our understanding of CSR was just as philanthropic activity, giving things..., (we) do not know that the workplace, giving benefits to staff and all that are part of CSR initiatives, and ... been transparent in our company like corporate governance and all that is also CSR ...'* (GLC5-2)

GLC6

GLC6 denotes that CSR has been their focus long before the launching of the Silver Book. GLC6-2 for example explains: *'the focus on our CSR direction has been long even before the Silver Book, quite a long while because of the nature of business ...'*

The statement confirms that CSR has been on the agenda for GLC6. Their approach of CSR is helping underprivileged people and school children through money donations. GLC6-3 observes that it is the most common response given by their employees when asked what CSR is. The other aspect that GLC6-2 explains is their concern towards the environment. He admits that he understands the environment to be one of the CSR concerns, and that the organisation always stresses on the importance of taking good care of the environment. However, not many in the company realise that the environment is part of CSR. This is portrayed in GLC6-2's comments below:

> *'The environment has always been stressed as very important to us and has been into practice in many years for our company. It's CSR but I do not know about others....'*

GLC7

Responses from the interviewees of GLC7 pertaining to the definition of CSR is unanimous. All of them define CSR as an act of contributing back to society. However, the most important meaning of CSR as inferred by GLC7 is how an organisation is conducting business in an accountable manner, and whether it shares some of its profits with those who support their business. This can be seen in GLC7-1's remark: '*CSR...means it is very important to conduct business in a responsible manner and giving back to society some portion of its wealth.*'

GLC7-2 further adds that CSR is not just about contributing but also creating values towards shareholders as well as stakeholders. By mentioning shareholders, it appears that GLC7 has a balanced view on CSR. The excerpt of the interview is as follows:

> '*CSR is actually a company's contribution towards society ... as a profit oriented company... we are going through lots of activities which are concentrating on creating values towards shareholders, stakeholders.*'
> (GLC7-2)

The above findings reveal that GLC7 is focusing on shareholders without neglecting stakeholders. This shows the company's realisation on people contributing towards the success of their business.

GLC8

In a similar vein, all interviewees from GLC8 totally agree that CSR is widely defined as a contribution to the society through donations, charity work and sponsorship. However, GLC8-2 seems to realise that CSR should have a more meaningful explanation. Her comment is: '*CSR is not a one-off aspect. We always look at programmes, (which) would be more meaningful, than just donating money.*' The meaning which is linked more to philanthropy is very shallow and the interviewees know that they should have a wider and meaningful CSR.

GLC9

GLC9 defines CSR as an act of engaging the company with the public at large, who continue to use their services, and directly or indirectly support their business. In this context, engaging according to GLC9-1 means contributing back to society and hopefully this will help to improve their quality of life. This is explained below:

> '*For us CSR is our responsibility ... to contribute back to the economic development ... and ... actually exerts our values that we have in our organisation to the public.*' (GLC9-1)

GLC10

GLC10 also defines CSR as contributing back to those who make their business successful as a form of corporate entity support. On the basis of being given an opportunity to do business and earn profit from this country for so many years, GLC10 believes they should be sharing some of their wealth in the form of CSR. Below is a quote by GLC10-2 affirming this: '*CSR means what we are doing with society. We are operating in this country and earning profit ... so we have to return something in a form of CSR ...*'

GLC10-1 further comments that when they perform CSR they look at the whole community and giving donations is a common practice of CSR. As for GLC10-3 and 10-4, the way they look at CSR is that it relates to social assistance to the people who really need help.

Kz

Kz views doing business in a responsible manner as being part of CSR. Kz also defines CSR as an action of which is related to charity work or in a formal term, corporate philanthropy. According to Kz-2, most of the CSR implementations adopted by GLCs are donations or cheque-book charity. Kz-1 adds that a responsible business should create value for business, the people, and the country.

6.2.1.2 CSR Practices Before the Arrival of the Silver Book

Most GLCs admit that their involvement in CSR does not happen overnight. In doing business for so many years, they have been helping the communities, foundations, NGOs and the government in developing the country. The findings in general are summarised below (see Table 6.2) which explains CSR practices before the arrival of the Silver Book.

Table 6.2. CSR practices in GLCs before the arrival of the Silver Book

GLCs	CSR Practices
GLC-1 to GLC10	Unanimous Practices: - Unstructured - Ad-hoc basis - Narrow focus towards CSR programmes - No link between CSR and core business - No formal CSR reporting (CSR is reported in a small volume) - No follow up on CSR programmes
Kz	View CSR practices in GLCs as 'a philanthropy style '

GLC1

GLC1 has a long history with CSR practices, given the fact that they have been established since 1800s. Their practices have a greater connection to philanthropy; however, other aspects such as the environment, employees and communities (who are affected by their business) are being given the utmost priority. This is seen in the remark below:

> '*In fact right from the last time, the environment has always been protected... even before the launching of the Silver Book... We don't spoil the natural resources, we try not to...*' (GLC1-2)

The above remark shows GLC1 is concerned about the environment and tries relentlessly not to affect it in executing their operations. For example, in clearing of land for plantation, GLC1 ensures that the environment is protected in accordance with the present regulations.

In terms of CSR structure, it is more ad-hoc and lacks a formal structure. As for measurement, minimal follow-ups are established to measure the effectiveness of the programmes to the community. There are also informal CSR disclosures and the style of reporting is very general. The other important finding is a lack of knowledge of what constitutes CSR as most employees do not recognise that what they are doing is actually part of CSR. This is evidenced through GLC1-3's comment that they are concerned about the environment, but are unaware that it is part of CSR.

GLC1-1 supports the comments that CSR practices at this time are: to only follow instructions, based on certain decisions, a lack of follow-ups, not aligned with business strategy, and minimal disclosure. Furthermore, there is not much to be disclosed as their perception on CSR is limited to philanthropy only. However, there is a separate reporting on Human Resource Development. This is further corroborated with the CSR report in the company's Annual Report of 2004 to 2006. There is a small section allocated for CSR reporting under the Chairman's Statement section whereby the activities involved are mostly short term contributions, and relate to improving the conditions of society and the environment in which they operate their business. All shareholders are aware of CSR activities taken by the organisation, thus no conflict exists. Maximising shareholders' wealth is still the top priority as GLC1-2 makes a concluding remark; '... *we need to gain profit to do CSR*.'

GLC2
The situation of CSR practices at GLC2 is also based on the philosophy of giving back to society. GLC2-1 and GLC2-2 state that their CSR practices have taken place for many years. There are many activities and initiatives have been executed with regard to social contributions, and many people have benefitted from it. However, GLC2-2 identifies all activities are not being properly documented and reported, and

are unstructured: '*in fact prior to having the Silver Book we also have our own initiatives to look into this… giving back to society. Maybe it is not well structured'*.

He further comments:

> '*Before we got well structured we do have our own CSR programmes. That programmes are not specifically needed to focus on education or need to focus on any area.'*

GLC2-1 links it with a lack of awareness whereby they are unaware if it can be categorised as part of CSR. However, she mentions that supporting environmental conservation (such as the Eco-Youth Programme), and safety and health at a workplace are always their priority. GLC2-1 also realises that there was no specific focus on a CSR initiative at this period, adding that: '*maybe in those days we are not diligent enough to really look at this as we do it on an ad-hoc basis.'*

From the above excerpts, it appears that CSR practices at GLC3 are more ad-hoc, short term, and there is no follow up for feedback being done to ascertain how their CSR benefitted others. GLC2-1 also stresses that they disclose some of their CSR activities in the annual report. However, it is reported as individual activity rather than as a big group of GLC2. This is justified through the Annual Report of 2004 wherein only a small column was allocated for a CSR report. In the 2005 and 2006 Annual Reports, there is a slightly wider disclosure on community relations besides environmental perspective.

GLC3

Before the launching of the Silver Book, CSR practices at GLC3 were based on a voluntary basis. Many activities have been implemented with people who are less fortunate and affected by their business. However, GLC3-2 confirms their CSR practices are based on an ad-hoc basis: '*before the Silver Book came into the picture, we have already been doing a lot of community services ... It is sporadic, and the implementation is ad-hoc.'*

GLC3-2 mentions sporadic practices and it appears at this time CSR practices are decentralised. This situation portrays that employees from various departments in GLC3 care about others and are willing to help organise CSR activities due to a great

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number of requests received from outsiders. There are also certain activities derived from their own initiatives. GLC3-3 views two types of CSR practices in this organisation. Internal practice is geared more towards safety, health and the environment whereas external practice involves supporting the communities. However, he admits that previously not many were aware that safety, health and the environment are related to CSR. As for GLC3-1, he realises that at this time the CSR practices of his company are linked more to philanthropy. In terms of monitoring and reporting, GLC3-2 agrees that there is no formal monitoring, and that the reporting is quite unstructured. Furthermore, contributions like money donations are rarely disclosed especially for small amounts. This is clearly stated in the Annual Report of 2004. GLC3-2 further confirms: '*if you give RM1000 or RM100 or RM10, this is also CSR ... We hope that money goes to the rightful person who deserves it.*' GLC3-2 confirmed that they do not record small contributions.

GLC3 is also concerned with the environment. Although it is mentioned earlier that only few people are aware that the environment is a part of CSR, and that reporting on CSR is unstructured, GLC3 has a specific section allocated for CSR (philanthropic and environmental activities) in their Annual Report of 2004. As for the 2005 and 2006 Annual Reports, it appears that there is no specific disclosure on CSR, but there is a statement on employees' training under the Internal Control statement.

GLC4

CSR at GLC4 has been in practice for many years before the emergence of the Silver Book. Their major concerns include customer service, environmental protection, employee welfare, and community service. Supporting sports through sponsorship is another commitment made by GLC4. GLC4 also has a separate statement on the environment. This at least portrays that they are committed in environmental management. Customer service and employee welfare are also disclosed under the CEO's review section. This is corroborated with GLC4's Annual Report of 2004, 2005 and 2006. However, there is no specific section allocated for CSR. According to GLC4-1 and GLC4-2, the situation in the company pertaining to CSR practices (before the Silver Book) is more unstructured although they have run substantial activities and programmes for society. As one of the most established GLCs, GLC4 is

in fact widely known in their community programmes. However, the practices are on an ad-hoc basis as GLC4-1 explains:

> '*Without the Silver Book ... earlier on we have ad-hoc style of CSR programmes, I mean we have contributed to the flood victims ... in terms of distributing food at the vacation centre ...and other things.*'

Although most of the activities are a kind of philanthropy, various societies, clubs, foundations, homes and schools have benefitted from these CSR initiatives. In 2005 and 2006, GLC4 became more transparent in their CSR reporting. Based on the 2005 Annual Report there is a small section allocated for CSR under the Chairman's Statement. Although the disclosure is minimal, information on CSR expenses is incredibly transparent. The implemented programmes and activities are more structured and moving towards a long-term basis rather than remaining ad-hoc. Further comments by GLC4-3 relate to the disclosure of previous practices of CSR whereby the top management prefers to keep a low profile and does not favour wide disclosure by the media. GLC4-2 believes it to be partly due to Islamic teaching as people are encouraged to help others with full sincerity. One of the interesting comments made by GLC4-2 regarding previous reporting practice is:

> '*At one time we really did it on a quiet basis... we don't declare ... There was no Silver Book and things to comply. The reporting part of CSR is just included in any sections of the annual report ... no specific section for it.*'

Based on the above comment, it appears that GLC4 is committed to CSR. However, in terms of disclosure the matter is not a priority. This is evidenced in the 2006 Annual Report in which more activities and explanations have been reported as compared to the 2005 Annual Report as was highlighted under the Chairman's letter to the shareholders section.

GLC5

GLC5 has also shown its commitment towards CSR for quite some time throughout the company's establishment. According to GLC5-1, many employees knew about the company's commitment towards society, and they have identified it as philanthropic work. This is because the commitment shown is more towards donations to charities, sponsoring dinners and helping underprivileged people.

However, it has never crossed their mind that other aspects such as employee welfare, ethical business practices, transparency in their business and environmental protection are part of CSR. One of the remarks made by GLC5-1 is:

> '*Like the Environmental Rehabilitation Project and those aspects that are basically part of CSR, we do not know it is part of CSR. But we are still doing it anyway. So, what we categorised for CSR during that time was money to charities ....*'

She further comments that there is no specific CSR policy in this company, however, they have a corporate philosophy which focuses on caring towards community, customers, employees, and lastly shareholders, which remains a priority.

According to GLC5-2, since their understanding of CSR is actually a philanthropic activity, basically only a small part of it has been reported as CSR practices as is evidenced in the 2004 and 2005 Annual Reports. However, 2006 saw a total change in CSR reporting. According to GLC5-1, at this period they became highly concerned with environmental protection because of ample environmental projects being carried out in relation to conservation projects. Change also begins to emerge in terms of CSR as senior management begins to see the wider scope of CSR. This is corroborated with the 2006 Annual Report wherein a specific section is allocated for CSR, and it is also being reported under the Chairman's Statement. The kind of programmes and activities disclosed in the report appear to portray more values towards CSR rather than just philanthropy.

GLC6

GLC6 realises that some of their CSR practices around this period are very loose, not in- depth, and that there is no proper direction for linking CSR, their business and shareholders. GLC6-1 stresses that they are passionate about CSR, and that the company even provides a yearly award for best employee and best company (subsidiary), of which one of the criteria is involvement in community service. The statement below is what he had to say:

> '*We found…our CSR are not very aligned with the organisation's strategy, the vision and mission. The contribution ...it doesn't help in any way to the shareholders' value.*' (GLC6-1)

The above comment portrays that GLC6-1 realises the CSR programmes undertaken by them is not aligned with core business strategy. This signifies that CSR activities at this period are informal. Furthermore, a specific CSR policy has yet to be created. However, GLC6-1 further adds that GLC6's subsidiaries have their own CSR policy but, as a group what they have now is informal. This is evidenced in: '*many of our subsidiaries have their own policies within the group because all this while it's been spearheaded by the Group Communications.*'

Another issue which is raised by GLC6-1 is about documentation. There are certain activities which relate to their workplace that were not properly documented as mentioned by GLC6-1: '*we are already doing (many things) in ourr workplace which we do not document...if we document it, we can further enhance our workplace cost saving.*'

The above comment can be linked to a low level of awareness of CSR among the employees, and furthermore, there are no clear guidelines provided by the organisation on what should or should not be reported.

The findings also reveal that a large portion of their CSR activities is philanthropic work, but other CSR areas as listed in the Silver Book have been their focus, even before they knew about the Silver Book; for example, environmental protection, education and human capital. GLC6-2 critically explains that ensuring environmental protection is always vital and has been in practice in many ways for this group, as she remarks: '*we will ensure that our operation do not affect our community and the environment.*' This statement corroborates with the Annual Reports from 2004 to 2006, which shows environmental concern is a priority and reported in a specific section.

Other CSR practices which have received high commitment are education and employee training. GLC6-3 explains they have their own foundation which provides

scholarships to bright young talents, and an academy which handles soft-skills training for all employees. For example, GLC6 conducted a series of English language examination workshops for underprivileged children from several orphanage houses. These notable CSR efforts as mentioned by GLC6-1 and GLC6-3 are justified in their Annual Reports of 2004, 2005 and 2006. The manner in which GLC6 (each subsidiary) reported their CSR activities are very precise.

GLC7

CSR practices in GLC7 before the establishment of the Silver Book is seen as rather slow. At this period CSR in this organisation is referred to as corporate philanthropy. It is because according to GLC7-1 and GLC7-3, their social contributions are based on donations, charities and helping flood victims, just to name a few. GLC7-1 also stresses that previously they were not very focused on CSR, but in her opinion GLC7 is already a responsible organisation:

> *'Without the Silver Book, I can see we are already a responsible organisation, especially in coming up with philanthropic works....and looking after the welfare of the staff and....giving back to society.'* (GLC7-1)

The above statement shows philanthropic work is the main activity aside from focusing on employees. This means that the focus of social contribution has long extended beyond philanthropy, but it was never considered to be CSR. The welfare of the employees according to GLC7-1 is also a priority. However, analysis of the 2004 and 2005 Annual Reports show that there is no information on either CSR or philanthropic activities. A few statements of human capital were mentioned, but it was not specifically linked to CSR. GLC7-1 and GLC7-2 also admit that they do not have a specific policy on CSR while GLC7-3 comments that he has never seen a specific CSR policy in this organisation. Nevertheless, he noticed that the Corporate Communication department does inform all employees regarding the programmes they are holding for the community. In terms of reporting, all interviewees agree that it is lacking or not precise as illustrated by GLC7-1: '*it is not that without that (the Silver Book) we are not doing CSR, but there was no proper reporting manner in our CSR initiatives.*'

As mentioned above, 2004 and 2005 saw GLC7 with almost zero reporting on their CSR practices, but in 2006 there was brief information on CSR being reported under an individual title in the Chairman's Statement. This is perceived as the company beginning to realise the importance of disclosing their CSR practices.

GLC8

Unstructured CSR practices are the situation described by all the interviewees in GLC8. The situation is almost similar with the findings from other GLCs whereby the commitment towards early involvement in CSR has greater ties to philanthropy. In general, part of the concept of CSR has been in practice even before the Silver Book was introduced, but it is unconsolidated. This is revealed by GLC8-2 below:

> '*For example we have long been doing employee training and there are certain things we always be working with the community....but perhaps…the way it's done it is very ad hoc and it is not consolidated. The structure is not there.'*

A further explanation on the above statement shows there is another scope of CSR on which GLC8 has been focusing, employees' welfare. However, it appears that GLC8 is not aware that their focus on employees is a part of CSR. Based on the above statement, GLC8 is not short of doing that. In fact, according to GLC8-3 there were scores of activities undertaken which can be grouped under CSR, but they did not have the information until the Silver Book arrived. GLC8-2 further comments that they have no specific CSR policy to guide them, but they have a detailed policy on environmental practices. Because of this clear policy, according to GLC8-2 their business operation is Green Globe certified. This is evidenced in the 2004 Annual Report which disclosed the information, and thus justifies the commitment of GLC8 towards the environment and sustainability.

Previously, the reporting style was very informal and the programmes had not been properly measured. This is corroborated with the 2004 Annual Report whereby only a brief explanation on their CSR work was reported in the Chairman's Statement and corporate citizenship section. However, a different style of CSR reporting appeared in the 2005 and 2006 Annual Reports. There is a specific section allocated for CSR, as

well as other areas of CSR such as human capital development (employee), the environment and customer service. Thus, more information is included as compared to 2004. In terms of the type of social contributions, there is a combination of short-term and long-term contributions adopted by GLC8.

GLC9

Findings on CSR practices at GLC9 before the Silver Book show a lack of direction or target. GLC9-1 admits that the organisation does not allocate a high budget for CSR, but this does not mean that their CSR activities are lacking. However, the scope of CSR is more related to philanthropy, and there is no proper measurement being made to their contributions. According to GLC9-1, they want to measure their contributions, but they do not know how. Thus, they have no evidence of the impact of their contributions. The other finding on CSR practice is that the basis of their CSR activity is ad-hoc and not aligned with their core business. This is mentions by GLC9-1:

> *'Last time...we may be saying that our core value is about one aspect, but we are doing something else on CR. We were actually not in-line (CR and core business).'*

In terms of CSR reporting, it is unstructured and only minimal information had been reported in the 2004 and 2005 Annual Reports. However, there is a slight change in the 2006 Annual Report as GLC9 has been more transparent in their CSR reporting practices. There is a specific section for CSR disclosure with more information being revealed, showing mixed activities, of which some went beyond philanthropy.

GLC10

In the case of GLC10, previous CSR practices were also unstructured and are based on ad-hoc basis. All interviewees agree that the extent of CSR practices is limited to philanthropy. It is a main activity adopted for social contribution in GLC10, but education is also a main focus. GLC10-1 even admits that education is one of their main focuses because other GLCs are also tackling education as well as part of their social contribution activities. His remarks: *'in the past, what happened was company do CSR based on requests or ad-hoc programmes.* He further comments that; *'there*

was no complete plan, no long term direction and no opportunity to review what has been done in the past.'

The above comment justifies that the chosen CSR activities are common activities, such as donations to the poor and less fortunate people, and sponsorship in some educational aspect. Education is considered slightly more formal than charities or money donations, but somehow no measurement is being made to evaluate what they have done for the communities. The absence of one common CSR policy being applied throughout GLC10 and its group could be the cause of this absence of measurement, and according to GLC10-3 each subsidiary has carried out their CSR activities according to their own initiatives. GLC10-2 admits that previously their CSR practices were unstructured and they do not have to report their CSR activities:

> *'In terms of reporting....we have long been doing CSR activities… maybe it is not formal, and reporting wise was not that structured as after the Silver Book was launched.'*

Kz

Kz has an almost similar explanation as some of the GLCs about the condition of CSR practices before the Silver Book was introduced. The situation regarding the philanthropic style of CSR with most inherited practices, for example giving cheques for charity donations and entertaining children from orphanages as explained by Kz-1, are very common among the GLCs in Malaysia. On occasion their intentions are questioned when the events are reported in a few major newspapers in the country. As for Kz-2, although she agrees with Kz-1 albeit in a softer tone, she sees those kinds of practices adopted by GLCs in social contribution activities as sincere. Moreover, she feels that the GLCs spent their money on a path of good intention, which is to make less fortunate people feel accepted by the society at large. Her full comments are as per below:

> *'Before the Silver Book ... law of philanthropic activities dominates, but all in good intention because I don't think the companies ... doing it for any other reasons other than to support the social aspect ... or the causes that they think it is important.'* (Kz-2)

Overall, the GLCs' practices of CSR before the arrival of the Silver Book portray that the understanding and practices leaned towards philanthropic types of social contribution. CSR is not novel to them, however, it is implemented on an ad-hoc basis, is unstructured, and meant for short-term benefits to the receivers only. There was no proper measurement for feedback, lack of reporting, and minimal scope of CSR being approached by all GLCs. Most important, the majority do not have a concrete policy or guideline on social contribution.

6.2.2 Company Practices of CSR After the Silver Book was Introduced

The purpose of this section is to present the findings on CSR practices after the Malaysian Government launched the Silver Book in 2006. The Silver Book which provides detailed guidelines on how GLCs should begin with their CSR implementation indicates how serious the Government is in changing the business people's mindset on the values of CSR to their business. Table 6.3 summarises the GLCs' explanation on the definition of CSR after the introduction of the Silver Book.

Table 6.3. GLCs' Definition of CSR After the Introduction of the Silver Book

GLCs	CSR Definition
GLC-1 to GLC10	Unanimous understanding on meaning of CSR: - CSR means taking care of business and people surrounding the business - CSR has a wider focus and is not limited to philanthropy - CSR moves from philanthropy to sustainability practices - CSR should benefit both business and society.
Kz	View GLCs understanding CSR as doing something beyond business obligation with responsible investments, business value and long term benefits.

6.2.2.1 Definition of CSR

In response to the understanding of CSR after the Silver Book was introduced, most of the interviewed GLCs realised that the meaning of CSR should go beyond philanthropy. Each of the findings is discussed below.

GLC1

The results derived from the interviewees from GLC1 about the meaning of CSR show their similar concern towards responsibility to the community and the environment. Although none of the interviewees were specifically asked about how they define CSR after the Silver Book was introduced, most of them explained the current differences of CSR practices in their organisation compared to their previous practices. This is expressed below:

> *'....I think CSR in general cannot be seen just as philanthropic or donations but it is also about our responsibility towards society, the environment in general and also towards employees in terms of their rights and also ethical business practices which we have.'* (GLC1-3)

The above statement portrays that the interviewee has moved out of the box in defining CSR. His views which include employees, the environment and ethics show his understanding of CSR is wider. In terms of the environment, GLC1-2 explained earlier that the organisation has long been focusing on ensuring the environment is being well looked after. It is not a new practice, and it is not because of the Silver Book. However, according to GLC1-3 not everyone, except for the higher ranking employees in GLC1, understands the wider meaning of CSR. He also stresses that several explanations have been made through official meetings regarding CSR, but he is strongly assured that people see CSR as donations of tangible items, as stated below:

> *'Usually if I talk to the same people again and again, people still see CSR as donation ....everywhere else the perception of CSR is still very much on tangible items. Even (for) staff development (programme,) in people's mind, is not CSR, unless you speak to people who see CSR with an open view like our Group MD, he will tell you all about CSR. I see it as CSR.'* (GLC1-3)

GLC2

GLC-2 realises that currently there is much to offer under CSR rather than just philanthropy. The Silver Book increases their understanding of the meaning of CSR. All interviewees can now clearly identify who are the stakeholders of the company, and that CSR is not limited to the community only, but includes the environment and

workplace as well. GLC2-2 briefly explains what she understands of CSR, or what is currently known as CR in GLC2, is actually some activities which are outside normal business and it encompasses various stakeholders. For example, focus on employees is an important agenda in GLC2, and according to GLC2-2 they have great concern for their employees even before the Silver Book arrived. Apparently, they do not have the knowledge that this is a part of CSR practices. GLC2-1 agrees with GLC2-2 and she comments that presently the term of which aspect of CSR they should be focusing on is clearer. This is evidenced in her responses:

> '*CSR is not just about the community, but also employees and we keep on having programmes like trainings, developing people, identifying talents for expansion.*' (GLC2-1)

GLC2-2 further shares her view on CSR whereby GLC2 is very focused on implementing CSR and follow certain guidelines of the Silver Book, as they could now understand the end impact of CSR. This is summarised as follows:

> '*Previously people talk about CR (which) is just giving back to society, or donate to the charity things without looking at what benefits it brings back to the company.*'

GLC3

GLC3 as one of the most established GLCs maintains their understanding of CSR as moving towards sustainability. It has been embedded in this organisation's culture on sustainable business which includes CSR. According to GLC3-2, the organisation will always be involved in philanthropic activity as it is a good means of giving back to society, but at the same time they reorganise and strengthen their CSR practices to ensure both GLCs and the community receive the same advantage. The environment has also been an important focus in this organisation for a long period of time. However, all interviewees agree that they had never considered the environment as CSR, or to be specific they are unaware until the Silver Book was published. The same situation applies to customer satisfaction. GLC3 realises it is absolutely vital for them to ensure the safety of their customers. If this is to be described in the perspective of CSR, GLC3-3 recognises that providing safety assurance to their

stakeholders is major. Based on these findings, it is understood that the Silver Book has extended GLC3's understanding of the meaning of CSR.

GLC4

GLC4's understanding of the meaning of CSR after the Silver Book was introduced is actually similar to GLC3. As the organisation's business operations are very much closely related with the environment, knowing that it is part of CSR makes them proud. According to GLC4-2 and GLC4-3, it has been a long-established company policy to ensure that the environment is intact while doing their business. However, by having a clear explanation outlined in the Silver Book, this will hopefully expedite the awareness among all employees that ensuring environmental protection is CSR. Simultaneously, GLC4-2 describes it as showing a clearer path for CSR activities. GLC4-3 also informed that CSR was formerly known as philanthropy but currently it is known as CR. In addition, GLC4-2 explains that helping the community, especially the underprivileged and school children, remains their main priority. Here it is particularly telling that the Silver Book is creating an increased level of understanding of the wider meaning of CSR among the interviewees.

GLC5

GLC5 recognises that the meaning of CSR has become broader since the Government of Malaysia introduced the Silver Book. They believe that support from the Prime Minister in CSR activities has contributed to the overall change about the perceptions of CSR. GLC5-1 sees the journey of CSR in her organisation as moving on to another stage which benefits both parties. The previous style of social contributions which was highly philanthropic has changed to a sustainable aspect of contributions. However, helping communities is still an important activity in this organisation. This is evidenced as follows:

> '.... I would say that we are involved (in) philanthropic activities (and moving) towards something more sustainable. So our CSR is focusing more towards the business we are in, and we continue to contribute to people, where we are operating.' (GLC5-1)

The opinion from GLC5-2 below strengthens the above explanation which explicitly admits the role of the Silver Book in enhancing their understanding on what is

actually CSR: '*with the Silver Book guidelines, at least we have a better understanding of what exactly is the full fledge of CSR activity.*'

The above explanations show that with the Silver Book two important changes are happening in this organisation. Firstly, there is an understanding of a broader definition of CSR, and second change is that the style of CSR activities at GLC5 is changing towards sustainable kinds of CSR activities. However, offering assistance to the needy or poor people remains a priority.

GLC6

GLC6 currently appears to see the wider concept of CSR. Before the Silver Book was introduced, CSR was merely perceived to be philanthropy. Based from the responses, the CSR concept is now defined by several concrete views. Firstly, CSR must bring profits to the company. In other words, before adopting any CSR activities, the company must ensure that the activities would bring advantages to the company as well. It is not just about helping others but also helping the company so that business is not affected. This is identified in the response below:

> '*So whatever we do in a scope of CSR it must be reflected in terms of company…. It must not at first stage affect the company in terms of profit if we were to do CSR.*' (GLC6-2)

Secondly, CSR creates good sustainability. GLC6 values this meaning consciously. This indicates that GLC6 views CSR in a manner which brings benefits in the longer term. Philanthropy will still continue, however, future CSR projects have to be sustainable.

GLC7

GLC7 realises that CSR has more to offer after the Government introduced the Silver Book. GLC7-3, for example acknowledges that CSR is when a corporate organisation contributes to society either in welfare development, education, housing or in catastrophic events, and it is not limited to just those situations or any particular groups. This can be seen as CSR being of benefit for many people, with these people coming from different sectors of society.

GLC8

GLC8 stresses CSR (before the Silver Book) is presently identified as CR. However, the concept of CR is not limited to normal contributions that the organisation has always practiced. The aim of their CSR presently is to move towards sustainable CSR. GLC8-1 observes that in these past few years after the Silver Book was introduced, there have been quite a lot of improvements in CSR implementation in this organisation. Other than that, the perception of CSR initiatives has also become more positive and employees are more aware of what CSR is all about. This can be analysed as employees' awareness on CSR is gradually increasing.

GLC8-1 and GLC8-2 see CSR as something that can produce long-term results for both companies and societies in the long run. The practices of just donating money and reporting it as a CSR action are no longer adequate. GLC8-1 for example, is highly concerned about CSR that benefits both parties. This is clearly seen in her response:

> *'......* we are going into sustainability. It is an important element for us because besides making money we also want to ensure that ... we contribute back to the environment, to people.' (GLC8-1)

GLC9

GLC9 does not specifically explain how they define CSR after the government introduced the Silver Book. However, presently CSR is divided into four quadrants: the workplace, marketplace, community, and the environment, and the Silver Book has assisted them in understanding CSR clearly in how to approach and improve each quadrant. This reflects that, with the Silver Book, GLC9 has more opinions and ideas on how to improve their CSR activities.

GLC10

In the case of GLC10, their new concept of CSR is to maintain a long-term relationship with the stakeholders. GLC10-1 explains that CSR is a two way relationship or partnership, and because of that benefits should not be experienced by one party only. This is clearly described in his response: '*now*, *CSR has to be a*

partnership so that when we become partnership, the recipients will get benefit and we can also benefit (from it)…'

This indicates that before the Silver Book was introduced, they did not have this concept of sharing benefits of CSR while now GLC10 has a new understanding of how CSR should work. This is supported by other interviewees; for example, GLC10-4 mentions: '*CSR is a partnership effort and cannot be seen as the end of relation after a donation or contribution was made to the recipients'.*

Kz

Kz **s**hares their opinions on CSR from what they understand and based on their observations of GLCs. According to Kz-1, the new philosophy of CSR is different from their previous understanding. Current CSR can be defined as doing something beyond business obligation with responsible investments and business value. Kz-1 also stresses that the current CSR is aiming for a long-term commitment towards both community and the environment. Kz-2 relates present CSR with the workplace. She comments on CSR philosophy as being rather broad as compared to the previous definition. Current CSR focuses more on internal matters as it is driven by principles, values and ethical decision-making.

Based on the above findings, it can be briefly summarised that presently GLCs have a new understanding of the definition of CSR. The conventional perception that CSR consists of merely donations is slowly diminishing, especially among managers and senior management, but it is believed more effort is needed by them to avoid any impediment towards the growth of CSR in GLCs. After having the idea of how GLCs have defined CSR, the next section explores their understanding of the Silver Book.

6.2.3 GLCs' Understanding and Use of the Silver Book

This part presents the findings related to the GLCs' understanding and use of the Silver Book. It is important to analyse how GLCs interpret and utilise the Silver Book. From the analysis, it also helps to explain the level of acceptance towards the Silver Book among the interviewed GLCs. The following sections will outline: the way GLCs define the Silver Book; how the findings present the purpose of the Silver Book from GLCs views; how the findings highlight GLCs' understanding of the

Silver Book guidelines; and how GLCs are implementing their translation of the Silver Book into their management practices.

6.2.3.1 GLCs' Definition of the Silver Book

The major aim of this section is to present findings regarding the meaning of the Silver Book in the views of the ten interviewed GLCs for this study. The Silver Book is designed to suit and meet the local requirements and culture of social responsibility practices in Malaysia. In this section, how GLCs understand the definition of CSR will be firstly identified.

Table 6.4. GLCs' Understanding on the Silver Book

GLCs	GLCs' understanding on the definition of the Silver Book
GLC-1 to GLC10	Unanimous understanding on what the Silver Book is: - The Silver Book is just a guideline to formalise the structure of CSR - The Silver Book provides direction and area of focus in social contributions - A manual or guideline which provides good guidance and framework for CSR -
Kz	View the Silver Book as a mandate which is able to assist GLCs in structuring, formalising, and helping them understanding CSR in depth in terms of long-term benefits.

GLC1

GLC1 defines the Silver Book as a guideline or a policy to formalise the structure of CSR. As has been mentioned in the previous section about unstructured CSR practices before the Silver Book was introduced, the Silver Book is seen to be able to solve this problem. All the interviewees have the same explanation in expressing their understanding on the meaning of the Silver Book as GLC1-1 remarks: '*My view on the Silver Book is it provides guidelines of how we should manage our CSR.*'

GLC1-2 admits that he actually has a minimum knowledge of the Silver Book, however, he extends his views that the Silver Book presents the Government's intention and expectation towards GLCs in implementing CSR. GLC1-1 further adds that as a GLC they have to fulfil those guidelines and not just do it blindly. Thus, it

can be analysed here that the Silver Book as viewed by GLC1 is actually presenting the Malaysian Government's intention for GLCs to effectively and efficiently conduct their CSR practices.

GLC2

At GLC2, the Silver Book is seen as a good policy to start with for CSR projects. As mentioned earlier, CSR implementation is not new in this organisation, however, GLC2 agrees that the Silver Book helps them to strengthen their CSR, and believes that this leads their CSR towards better structure. GLC2-1, however, sees the guideline as not particularly catering to their type of business. This is evidenced in her statement:

> *'The Silver Book is a general guideline and doesn't cater to the industry we are in. .... Our industry has a different standard, so that's why sometime we need to balance it with what the Silver Book is all about.'* (GLC2-1)

As for GLC2-2, overall he views the Silver Book as a set of guidelines with best practices with a requirement that all GLCs subscribe to the programme. Although, there is a view that the Silver Book is not totally suitable for them, GLC2 tries to embed all positive suggestions and commit to them.

GLC3

GLC3 defines the Silver Book as a manual or guideline which provides sound guidance and a framework for CSR. All the interviewees agreed that the guideline is important in the Malaysian case; however, GLC3-1 frankly admits that he has little knowledge of CSR and that the Silver Book is a good guideline for CSR. At the same time GLC3-2 views the Silver Book as a solid CSR guideline which promotes formality in implementation. He further adds: *'the Silver Book explains A to Z of what needs to be done or formalising everything about CSR procedures.'*

GLC4

GLC4 views the meaning of the Silver Book as a guideline which relates to CSR programmes in a professional manner. GLC4-1 explains in detail the origin of the Silver Book, and defines it as follows:

> *'The Silver Book gives us a guide (for) better planning and execution in terms of ....to implement CSR programs, not only for ad-hoc and during catastrophic event'.* (GLC4-1)

GLC4-2 agrees with GLC4-1 whereas GLC4-3 sees the guideline as a guide for them to move forward in their CSR style of practices and reporting. He stresses that even though the guidelines had just been introduced three years earlier (at the time of interview), and that GLC4 has been involved in CSR for many years, the guideline is absolutely helpful. Based on the above response, it is very clear that GLC4 defines the Silver Book as a guide to assist them to run their CSR activities. The remarks made by GLC4-1 as stated above show that the Silver Book leads towards the advancement of CSR practices if it is to be followed by GLCs.

GLC5

GLC5 appears to define the Silver Book mostly in a positive tone. In general, the Silver Book is defined as a guideline which guides the details of CSR implementation. In detail, GLC5-1 defines the Silver Book as a guideline which helps them identify which CSR areas they should pursue. GLC5-1 further remarks that although they have been implementing CSR (in fact other GLCs too) for many years prior to the Silver Book being introduced, the guideline has contributed greatly to their understanding of CSR. GLC5-2 shares his views through his statement below:

> *'The Silver Book is just to provide us with guidelines (towards) more uniform and systematic way of doing our CSR because previously we don't know exactly what SR is.'*

The above statement shows that the Silver Book provides thorough steps or procedures and processes for GLCs to follow in their CSR journey. Most importantly, the statement portrays the guideline as comprehensive and makes them understand the real context of CSR.

GLC6

All interviewees from GLC6 agree that the Silver Book is a good guideline for CSR and understand the basic principles of the Silver Book requirements on CSR. GLC6-1 believes the Silver Book can play a larger role in the organisation's social

contribution and helps them in implementing CSR as a whole group rather than individual initiatives. GLC6-2 explains an important point about the Silver Book of which the guideline provides a basic understanding of CSR and guides them towards aligning their CSR activities with good practice of CSR. This is stated in the following remark:

> '*I think it's very helpful guidance ..... It gives us basic understanding so that what we are doing is in-line with what is considered good practice of CSR and the areas of importance.*'

The above statement by GLC6-2 shows that with the Silver Book, GLC6 is now able to detect whether they are on the right path to good CSR practices or not. Instead, the guideline also clarifies which important areas of CSR for them to pursue and would benefit the organisation and their shareholders. Here it can be evaluated that the Silver Book provides guidelines and requirements which help GLCs to carry out CSR without affecting an organisation's wealth.

GLC7

In the case of GLC7, all interviewees appear to agree that the Silver Book is a good guideline for CSR implementation. GLC7-1 defines the Silver Book as a mechanism for proper conduct of CSR for GLCs, and GLC7-2 describes the Silver Book as guidance towards more structured CSR. GLC7-1 also sees it as assisting them in measuring, reporting, and monitoring the effectiveness of CSR activities. For example:

> '*To me it is a good guideline, guide us how we can conduct our CSR initiative and how we can report in a more proper manner so that we have good reporting, and then we see how effective are we conducting our CSR initiatives.*' (GLC7-1)

Based on the above remark, it shows that the Silver Book has several significant functions in assisting GLCs in their CSR implementation, and especially with regard to its measurement.

GLC7-3 classifies the Silver Book as one of the initiatives under the Malaysian government's flagship on the purpose of reengineering the transformation of GLCs and guides towards better CSR, as per his statement below:

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> *'This Silver Book is more or less to enhance the company's SR to the community and to create a better awareness from the staff of an organisation especially... to the surrounding community.'*

The above statement also points to several important roles of CSR, such as enhancing CSR practices, increasing awareness towards CSR, and strengthening the relationship between the organisation and the surrounding community. However, GLC7-1 maintains that although the Silver Book has useful CSR guidelines, the result depends on how or to what extent GLCs conduct their CSR initiative, and that it also must be according to the suitability of the GLCs.

GLC8

At GLC8, the Silver Book has also been defined, similarly to other GLCs' definitions, as a guideline for social contributions. GLC8-2 specifically defines the Silver Book as a guideline or standard for CSR which provides structure, and is flexible. It is evidenced in her statements below:

> *'I think it serves some standard for GLCs to follow. At least through the guideline people will know which area they should be focusing on, but I think the guideline is quite flexible'.* (GLC8-2)

This statement by GLC8-2 reveals that she views the Silver Book as a standard. This portrays that the guideline informs GLCs 'what' and 'how' to proceed with CSR programmes in a formal manner, such as reporting. Further analysis shows that the Silver Book guides GLCs toward identifying the area of focus in their social contribution. In terms of flexibility, GLC8-2 further elaborates that the Silver Book is not rigid, in the sense that it does not dictate what kind of CSR programmes they are supposed to perform.

GLC8-1 agrees that the Silver Book is a good guideline for CSR, but also stresses that they do not have to pursue all the guidelines. They just need to tailor which guideline is suitable and benefits them. GLC8-3 views the Silver Book as guidance for strengthening their CSR direction and initiatives. She further agrees with GLC8-1 that the Silver Book is beneficial and the guideline helps them in measuring the effectiveness of any undertaken CSR programmes.

GLC9

At GLC9, the Silver Book is identified as a programme by Khazanah, in which all GLCs are instructed to utilise for a formal CSR implementation. However, there are a few significant explanations given by GLC9-1. GLC9-1 views the Silver Book as an initiative by the Malaysian Government to support and help GLCs formalise their CSR programmes, putting their CSR objectives in order and parallel with their core business, and further assisting them in measuring their CSR activities. This situation signifies that the Silver Book helps GLC9 plan their CSR effort in a more coordinated manner which includes objectives, programmes, processes, structure, reporting and measurement.

GLC10

How the Silver Book perceived by GLC10 is almost similar with the findings from other interviewed GLCs. GLC10-1 and GLC10-2 view it as a guideline which advises their CSR implementation in a systematic way. GLC10-3 defines the Silver Book as a useful initiative taken by the Government in enhancing CSR programmes among GLCs. GLC10-4 is aware of CSR, however, he has no knowledge of the Silver Book. GLC10-1 defines the Silver Book on the area which adds some weight to his understanding of the Silver Book as evidenced in the statement below:

> *'The Silver Book is a very structured approach. It helps us to be able to position the CSR policy of a company in a manner that allows the company as well as participants' directions on what to do, and to be able to make sure this is carry out in a manner that is good for all the parties concerned'.*

According to this statement, it appears that there is a strong value in the Silver Book providing guidance to GLC10 in pursuing their CSR programmes. In a way, the Silver Book sets a series or plans for CSR activities which constructs a formal approach, and most importantly helps the organisation see clearly in which direction their social contribution is heading to. A brief analysis of the above definitions shows that with the Silver Book, GLC10 has an opportunity to examine their current CSR practices, identify their deficiencies, and then improve them based on the guidelines written in the Silver Book.

Kz

Kz views the Silver Book as a platform to guide and transform GLCs towards becoming a responsible organisation. Kz describes the Silver Book as a step forward for GLCs in implementing their CSR programmes. It deals with 'how to do it', and in fact the Silver Book is like a mandate. It provides some policy to guide the programmes and in effect will assist GLCs towards more structured CSR, and assist with strategies on how GLCs could impact positively from their CSR activities.

6.2.4 CSR Practices After the Introduction of the Silver Book

The aim of this part is to present the findings on CSR practices among the GLCs after the Silver Book was introduced to them. Before going into details, it is important to understand that the level of adoption of CSR varies between GLCs. The Malaysian Government is aware of this condition thus there will be no penalty given to GLCs if they do not comply with the Silver Book guidelines. Table 6.5 summarises CSR practices in GLCs after the Silver Book was introduced to them.

Table 6.5.CSR Practices in GLCs After the Arrival of the Silver Book

GLCs	GLCs' understanding of the definition of the Silver Book
GLC-1 to GLC10	Unanimous practices with respect to: - Structured/Formal/Systematic CSR design - Wider scope of CSR focus, of which all GLCs divided their CSR into: the workplace, marketplace, community, and the environment - Aligned CSR with the core business objectives/strategies - More formal CSR disclosure/reporting (all GLCs put serious effort in reporting) Two GLCs (2/10), produced stand alone CSR Reports - Several GLCs are adopting the GRI guideline for their CSR environmental report
Kz	View CSR practices among GLCs after the Silver Book arrives as a big change. The Silver Book has triggered GLCs to be more focused and value the benefits of CSR to their business and stakeholders

GLC1

In the case of GLC1, it is identified by GLC1-1 that the Silver Book authorises them to have more control of their CSR activities. Their philanthropic activity shall continue, however, they have become more selective. CLC1-3 believes their current CSR practices are more systematic and well-structured as compared to previous practices. More importantly they implement CSR and manage the information formally based on the four quadrants of the workplace, marketplace, community and environment. The Silver Book also assists them in categorising their CSR activities based on the seven core areas. In the days before the Silver Book, the CSR information was dispersed and belonged to which ever department conducted CSR activities. CSR reporting is now becoming more precise as CSR activities are being reported in a separate section in the Annual Reports of 2007 onwards.

GLC2

The situation in GLC2 sees that CSR is being given serious thought and action by management. GLC2-1 explains that their CSR activities are not broad but their CSR practices are divided into four sectors: the workplace, marketplace, community and environment. With the guidance of the Silver Book, GLC2 has come out with a new strategy. GLC2-1 further comments that some of the present CSR practices have been implemented in their organisation before the Silver Book arrived, however, they were unaware that it is part of CSR. At present, they have a clearer picture of CSR practices and are trying to embed some practices into their organisation's culture. The below statement explains the situation:

> '*CSR is not just doing voluntary work. It is a commitment by the employers. For example, safety at work is a commitment, it is CSR. So it is embedded in the system and our safety policy. We have safety activity ...*' (GLC2-1)

GLC2-2 describes his views on current CSR practices as promising because the company is more serious and committed to implement them. This, he credited to the term CR (and no longer CSR) being used in GLC2 since he believes that with CR, various stakeholders can be reached. GLC2-3 discusses a great deal on how much concern GLC2 has towards environmental protection and safety in the workplace.

One thing that is being stressed is that there is a connection between safety and the workplace and CSR.

GLC3

CSR practices in GLC3 are described as more formal with the Silver Book guidelines. Additional knowledge of the CSR concept highlighted in the Silver Book helps GLC3 identify what is a CSR activity. Previously, CSR practices were more ad-hoc and sporadic while now the practices are more structured and systematic. This is justified by GLC3-2 below, and he also adds that Kz plays an enormous role in enhancing new implementation of CSR in their organisation.

> '*Now I think CSR more structured. Kz ... plays a big role and coming up with this project, the umbrella project (PINTAR) than it is easier for us to park under this CSR. That's easier for them to track. Now we are looking into the environment ...*'

GLC3-3 sees safety in the workplace and safety in relation to their business as not being a compromise. However, the Silver Book guidelines reassure that they are in-line with the Malaysian Government as well as international requirements especially in safety and environmental practices.

GLC4

In general, the findings on CSR practices at GLC4 reveal that a wider scope is included in their CSR practices. In other words, the Silver Book helps them to be able to identify various stakeholders that they should be focusing on in their CSR practices. This is evidenced in the remarks made by GLC4-1:

> '*We have to contribute in terms of our resources, funding ... to our local area or to the Government ... and also to people, staff and their families and so on.*'

GLC4-1 further remarks that at present their CSR practices are improved in terms of better planning and execution. Their practices are more strategic as an ad-hoc approach to CSR practices is no longer employed in this organisation. Their CSR approach is presently moving towards long-term benefits. GLC4-2 stresses that the Silver Book helps them focus on their CSR practices; however, in terms of the actual activities it is almost similar to previous practices, especially in helping the

community surrounding their company branches throughout Malaysia and overseas. In terms of their overseas branches, a long-term mutual understanding is the main practice. This shows that GLC4 is actually moving towards a strong practice of CSR. Although there is no mention of sustainability practices, it is evidenced in several responses that CSR sustainability practices are on their agenda. This is explained by GLC4-3 that the practice should benefit both parties; GLCs and the recipients. Philanthropy is still ongoing, however, at present it is limited.

GLC5

The response by GLC5 shows that they recognise their CSR practices as more structured with the guidance of the Silver Book. Most importantly, GLC5-1 identifies that their current CSR practices are tied with their business strategy. Their CSR is now divided into four categories: the workplace, marketplace, community and environment. GLC5-2 adds with the four categories, they are now able to report on wider CSR practices in their organisation. He also comments that new CSR allows them to focus on several stakeholders and the present approach is actually improving their acceptance towards CSR, however now they understand the limits. This is clarified by GLC6-2 as:

> *'It also allows us an ability to not entertain all those requests that could or could not be legitimate and reduced a lot of requests like sponsoring dinner table ....'* (GLC5-2)

Based on the above remarks, it shows some changes exist in CSR practices since the introduction of the Silver Book. It gives clear guidance to GLC5 to respond to the requests. This is important as it helps GLC5 become more focused in their social contributions actions in the future.

GLC6

The findings in GLC6 show that this organisation's approach for a thorough CSR practice is quite recent. CSR is currently referred to as CR in GLC6. Previous practices were more related to pure philanthropy and are scattered. Each subsidiary and department conducts CSR based on their own suitability. With the Silver Book there are some changes as their CSR practices are based on a new requirement. GLC6-1 explains the aims of current CSR practices are to benefit the whole group,

and the recipients. This is also supported by GLC6-3. GLC6-1 further mentions that their focus is to centre-lead their CSR practices. This is stressed in the below remarks:

> '*We try to make sure that every company does CR, but we want them to align to the group's final objectives, vision and mission ….*'

The other point emphasised by GLC6-1 is that their focus is shifting from pure philanthropic CSR to sustainable CSR. However, as GLC6-2 points out, their CSR practices are carried out within their means and at the company level. This reflects that GLC6 sees CSR as an important action for them. Their effort to improve their CSR practices (as evidenced in their responses) is precise and clear. GLC6-1 and GLC6-3 also agree on one point: that having the Silver Book is good for their CSR development, but in the end it is dependent on the implementation, and how well the organisation is complying with the guideline. This can be seen in the statement: '*to have the Silver Book is good. It is a matter of how to abide the guideline stated in the book …*' (GLC6-3)

GLC7

The Silver Book guides CSR practices in GLC7 in a more structured style. With new guidelines, it assists them in realising those areas that have not been identified as CSR. A statement by GLC7-2 shows how committed they are in implementing CSR:

> '*At this juncture when the Silver Book was introduced by the Government…, we are looking at it seriously in terms of our contribution and much more structured CSR activities.*' (GLC7-2)

According to GLC7-1 since the past three years (2007-2009) of implementing CSR she can admit that the practices have been aligned with the business strategy. Furthermore, these guidelines have caused them to realise that many actions they have performed for their employees and those outside of their business are actually CSR. GLC7-2 explains that previous practices were mostly philanthropic, and now they are familiarising their management style towards new CSR activities. Current practices also concentrating on ensuring both parties (GLC7 and the recipients) benefit from CSR activities.

GLC8

CSR practices in GLC8 are almost similar to the other GLCs in that they are becoming more structured. GLC8-1 and GLC8-2 appear to acknowledge the contribution of the Silver Book in providing more organised CSR. GLC8-1 further adds that the previous CSR practices which focused on charity contributions were related to ad-hoc action rather than sustainable CSR. In addition, GLC8-2 stresses that their current CSR practices are looking at programs which are more meaningful (rather than purely money donations) and have a long term impact. This can be seen in the below statement:

> 'We always look at ... more structured programme ... things that can be built upon, (and).... can be replicated by the recipients to move on, to continue working.' (GLC8-2)

On a different note, GLC8-3 appreciates that the Silver Book provides guidelines which improve their understanding of the real concept of CSR. It is because according to her, certain activities done previously were not classified as CSR. With the Silver Book, it helps educate people in the organisation and their subsidiaries on what is CSR. This is evidenced in her statement: 'and sometime people do things that they don't know it is considered as CSR and if they report to us we can try to educate them ...' Overall, CSR practices in GLC8 after the introduction of the Silver Book appear to be positive.

GLC9

GLC9 describes their CSR practices at present as more focused and having clearer objectives whereby adopted activities and programmes are more aligned with the core business. The Silver Book helps GLC9 to improve their CSR practices and identify their strengths and weaknesses. This is clearly mentioned by GLC9-1:

> 'I guess it helps and now when we tell people at large about our CR programme...what we do… first, second, third areas ... that's the beauty of it. It helped us put our thoughts in order. If not we will be going haywire'.

In this case it can be analysed that compared to previous practices, GLC9 is currently more confident in disclosing their CSR practices to their stakeholders based on the guidelines from the Silver Book.

GLC10

GLC10 justifies their present CSR practices as more structured. If previous practices were mostly ad-hoc, and most activities taken were philanthropic, now GLC10 could view their CSR actions in a more professional manner. This is supports by the following two comments:

> *'For example ... if we want to do CSR on medical, it is not aligned. So (we) look at what is (our) line of business...'* (GLC10-1)
>
> *'We have formal structure and is aligned with the policy. In terms of contribution there are no major changes.'* (GLC10-2)

Based on the above comments, this indicates that GLC10 understands the kind of CSR concept required by the Malaysian Government in which CSR actions must be parallel to the core business. GLC10-1 also explains that instead of their own initiatives, there is another part of CSR whereby all GLCs are encouraged to support the Government in developing people and this country. Other comments made by GLC10-1 are related to sustainability. He stresses that CSR in GLC10 is not a 5 year, 10 year or 15 year process but one which will take 20 or more years to gain results.

Kz

Kz explains there is a considerable change in trends of CSR practices among GLCs. Kz-1 highlights that CSR guidelines explained in the Silver Book have triggered GLCs to be more focused and value the benefits of CSR to their business and stakeholders. In terms of contributions or programs, GLCs according to Kz are able to categorise their CSR under a specific category as guided in the Silver Book. Initially GLCs classified their CSR activities based on what they perceived as philanthropy. In terms of types of CSR activities and programmes, Kz-1 and Kz-2 stressed that most GLCs are still contributing towards philanthropy, but they are now focusing more on sustainable CSR programmes. This is evidenced in Kz-1's remarks:

'They have many programmes...under corporate philanthropy they know that they need to go one step higher ...to more sustainable programmes. Now the trends are going slowly but surely. In terms of the activity, currently it is a mix between CSR and philanthropy. Most companies are doing both.'

The explanation by Kz shows a change exists in CSR practices in GLCs. With guidance from the Silver Book, most GLCs have realised that CSR is serious work. The Silver Book does not prevent or instruct GLCs to change totally, but what can be concluded here is that it provides new knowledge and guides GLCs on how to implement their CSR in a more formal and structured manner.

6.2.5 Comparison of Findings

This part compares and analyses the findings for the differences and similarities on how GLCs define CSR, and its practices before and after the introduction of the Silver Book.

6.2.5.1 CSR Meaning and Practices Before the Introduction of the Silver Book

In terms of differences in defining CSR among the ten GLCs, there is not much of a gap. All participants have a basic understanding of the meaning of CSR. CSR is viewed as an action of goodwill which is outside of their business scope. It is a duty of the corporate sector (business) to give back to society as a form of appreciation their support towards the businesses. Table 6.6 below summarises the findings.

Table 6.6. CSR Meaning and Practices Before the Introduction of the Silver Book

GLCs	Comparison of findings: difference in CSR meaning and practices
GLC1 to 4	Wider understanding of CSR which include philanthropy and environmental protection
GLC3	Doing the job (working) within the law
GLC5 to 10	Goodwill
GLC7	Conducting business ethically

Based on the above Table 6.6, four out of ten GLCs, have a slightly wider understanding of CSR. GLC1, GLC2, GLC3, and GLC4 appeared to be focusing on environmental protection as part of their CSR even before the emergence of the Silver Book. However, they admit that almost all of the employees in their company are ignorant that the environment is part of CSR. Among these four GLCs, GLC1 has a wider understanding of what constitutes CSR as compared to the other three GLCs.

GLC3 also relates their CSR as working within the law, and GLC7 defines CSR as conducting business in a responsible manner instead of sharing profits with society. Although there are slight differences in understanding the definition of CSR, what have been defined shows that CSR is a good action to execute as it helps to ease the burden of certain underprivileged and poor people as well as create a good relationship with the communities surrounding their business.

In terms of CSR practices before the Silver Book was introduced, there is no substantial difference. One aspect is about the CSR term itself. GLC5 refers to CSR as a corporate initiative rather than a responsibility while GLC6 refers to their CSR activities as philanthropic. They do not identify it as CSR since the practices are mostly related to tangible contributions such as money and foods.

6.2.5.2 Similarities in Defining CSR and Practices Before the Introduction of the Silver Book

As mentioned in the differences section, the GLCs' understanding of the meaning of CSR is quite similar and constant. There is barely a gap. CSR is defined as doing something good by contributing or giving back to society. At least one interviewee from each of the ten GLCs has a common definition of CSR. The modes of contribution revealed by all GLCs are mostly donations to charity bodies, foundations or societies, local communities, including individuals. This is then translated into philanthropy activities. In other words, their involvement in CSR is based on pure philanthropic work.

Table 6.7. Similarities in CSR Practices

GLCs	Similarities in CSR Practices
All ten GLCs	• Long term involvement in CSR • Pure philanthropic activities • Short-term, unstructured and ad-hoc CSR activities (informal) • No alignment with company's vision and mission

In terms of similarities in CSR practices, all interviewed GLCs confirmed several practices which are similar to each other (see Table 6.6). All GLCs stress that they have been involved in CSR practices for many years. Although the concept is in most cases purely philanthropy, many CSR activities have been implemented. They also name poor people, orphanages, old people, sick people, school children, and people who are victims of natural disasters as the groups who have benefited from their CSR contributions.

The other similarities in CSR practices as evidenced through the findings are in terms of the programmes. The programmes adopted by ten GLCs are mostly informal, short term and unstructured, for example: sponsoring annual dinners, and money contributions for the underprivileged. Since the activities are mostly ad-hoc, all interviewed GLCs explained that their CSR is not aligned with the company's vision, mission and objectives. At this period, there is also no instruction directed by their top management to ensure the alignment between CSR objectives and core business.

6.2.5.3 Differences in CSR Meaning and Practices After the Introduction of the Silver Book

After the Malaysian Government introduced the Silver Book as new guidelines for CSR practices, currently all interviewed GLCs agree that they have a different understanding of the concept of CSR as compared to their previous knowledge. Basically, there is no difference in the way they all define CSR. They understand that the concept of CSR goes beyond pure philanthropy. As for CSR practices, it shows that there are not many differences between the GLCs. However, a difference exists

in terms of the kind of programmes for voluntary contributions. In voluntary contributions, GLC1, GLC2, GLC4 and GLC5 appear to have a high concern for environmental protection programmes. GLC3 and GLC8 have linked their CSR programmes (which also focus on environmental protection) with social obligations due to their business requirements. GLC6 clarifies that they are new to formal CSR programmes, and in the process of consolidating all CSR programmes implemented by their subsidiaries. GLC7, GLC9 and GLC10, they are more concerned with helping poor communities as part of their voluntary contributions.

6.2.5.4 Similarities in Defining CSR and Practices after the Silver Book

All 10 GLCs appear to have similarity in defining the concept of CSR with guidance from the Silver Book. Currently, they define the concept as doing decent things like contributing back to the various stakeholders such as employees, communities, suppliers and the environment while still continuously increasing their shareholders' wealth. This portrays that they understand the broader scope of CSR.

CSR practices after the Silver Book indicate quite a sizeable similarity (see Table 6.7). Six similarities have been identified from the ten GLCs. In terms of formality, all GLCs agree that their present CSR is more formal and well-structured. Due to a better understanding of the actual concept of CSR and with the guide of the Silver Book, they have a formal plan to implement CSR and the process is more structured. The present CSR programmes are also linked to each organisation's objectives, vision and mission. All GLCs agree that their previous practices were informal and short-term whereas presently their approach is moving towards long-term activities. They are still considering the proposals on philanthropy programmes on a case to case basis, but these are gradually declining. The focus on long-term CSR which is more sustainable is the main aim. In terms of the seven core areas of contributions as listed in the Silver Book, all ten GLCs appear to have the same opinion, whereby the area of human rights receives the least interest. Community involvement receives the greatest focus, followed by environmental protection and employee welfare.

Table 6.8. Similarities in CSR Practices After the Silver Book

GLCs	Similarities in CSR Practices
All ten GLCs	• Formal and well-structured CSR programmes • CSR aligned with organisation's goals, vision and mission • Philanthropic contributions – case by case basis • CSR beyond philanthropy • 7 core areas of contributions • Formal CSR reporting

6.2.6 Summary

In summary, CSR is not a new concept for GLCs. Even before the Silver Book was introduced, they have been actively involved in CSR. Certain differences and similarities in understanding the meaning and CSR practices, before and after the Silver Book was introduced by the Malaysian Government are identified. All the ten GLCs admit that the previous CSR practices were limited to purely philanthropy activities. The activities are mostly related to tangible donations and sponsoring events. The relationship between GLCs and the communities have long been established even before the introduction of the Silver Book. However, it has all been based on an ad-hoc basis. The limited knowledge on the actual concept of CSR led GLCs to contributing mostly towards the community whereas there are other areas of concern that GLCs should consider. The Silver Book has managed to change the 10 GLCs into having additional knowledge on the concept itself and core area of contributions. Their CSR activities have become broader and include various stakeholders. As for CSR practices, they have become more formal and structured, and have indirectly enhanced the reporting procedure. Based on the above analysis, to answer research question one which is: 'how has the introduction of the Silver Book influenced CSR practice in GLCs?', it can be reported that the Silver Book seems to have influenced some parts of CSR practices in GLCs. In this scope, the Silver Book seems to have influenced CSR practices of GLCs in many ways which include:

understanding the actual concept of CSR; types of contributions; formality and structure of CSR; and CSR reporting.

6.3 Motivations of GLCs in Adopting CSR

This section presents the findings on motivations or incentives of the interviewed GLCs in adopting CSR. Motivation is one of the sub-questions chosen for this research as it is vital to understand what makes GLCs adopt CSR in their organisation. Organisations have different reasons why they want to commit to CSR. The findings presented below explain why the ten GLCs involved in this research contribute to CSR. Table 6.8 summarises the motivations of GLCs in adopting CSR.

Table 6.9. GLCs' Motivations in Adopting CSR

GLCs \ Motv	1	2	3	4	5	6	7	8	9	10	R
Sincerity (intrinsic)	✓	✓	✓	✓	✓				✓	✓	7/10
Long- term Benefits (reputation) (add-value)	✓			✓	✓		✓			✓	5/10
Top management support		✓	✓	✓				✓	✓		5/10
Goodwill/Passion	✓		✓			✓	✓			✓	5/10
Teamwork/ Participation: employees	✓			✓					✓	✓	4/10
Commitment/ responsibility to people			✓	✓			✓	✓			4/10
Helping the Government	✓			✓	✓						3/10
Tangible reward (extrinsic)						✓					1/10

GLC1

The motivation to implement CSR in GLC1 derives from several different points as identified by the three interviewees: working as a team, giving back to society, goodwill, sincerity, and reputation. GLC1-1 and GLC1-2 have the opinion that working together as a team will motivate them to execute better CSR programmes. GLC1-2, for example, voices that if everybody (internal and external) plays a role in protecting the environment, this is a real motivation for him. GLC1-3 lists goodwill and sincerity in giving back to society, who has been loyally supporting them, at the top of the list for implementing CSR. The other points identified by GLC1-3 are reputation and assisting the Government. GLC1-3 realises that involvement in CSR activities may develop a good reputation for the organisation. This is evidenced in his statement: '*I think motivation wise is about ... the goodwill and sincerity ... (and) a good reputation is developed when you do CSR activities.*'

GLC2

The responses from GLC2 pertaining to what motivates them to adopt CSR lead to sincerity as the main motivational factor. Furthermore, they are guided by their top management's strategy which stresses that CSR should be approached without coerciveness. It is because they believe sincerity leads to satisfaction in CSR action. GLC2-1 also believes that involvement in CSR will embed a culture of helpful and caring employees in GLC2. This is evidenced in her remarks below:

> '*Basically ... this comes from your heart ... We believe and we strongly hold that. For example, when we do charity work they (the volunteer team) want to re-volunteer…so the satisfaction of helping people is in them. Eventually, that is what we want to develop here, a culture of a caring society within our organisation, the nation, and the country, globally.*'

GLC2-2 views motivation as deriving from the cooperation and teamwork received from the employees and the leaders. Furthermore, they have sufficient resources to carry out CSR activities. This leads to less problems arising in CSR implementation. GLC2-3 sees one of the motivational factors for adopting CSR in this organisation is due to their financial state. In supporting his claims, he provides an example of investment in health, safety and environment (HSE). HSE as part of CSR is important

in any organisation. It is within this context that GLC2-3 believes it is vital to convince and show the top management the consequences of a lack of investment in HSE to the organisation.

GLC3

The findings on the motivation to adopt CSR in GLC3 show that sincerity, goodwill, morale, and support from management are the main motivational factors. GLC3-1 reveals that the feeling of wanting to help is not limited to humans but incorporates an environmental perspective. Underprivileged society and the environment are seen as two important perspectives in GLC3. GLC3-1 further comments that their CSR is not based on a coercive action as being involved in CSR activities is not calculated into employees' KPI. In terms of the environment, he believes that if they can reduce the power of consumption, which is later reflected in the Profit and Loss Account, they will ultimately convince management to support this aspect of CSR.

GLC3-2 feels that the ability to help others, such as people who are facing economic hardship, gives great satisfaction to them as it will ease their burden. GLC3-2 relates this with Islamic teachings, and trusts that whatever they sincerely share with others, more rewards will return to them. The other point added by GLC3-2 regarding motivation is the commitment from employees in carrying out CSR activities. The commitment level is so overwhelming that some employees have even become addicted to CSR activities.

On a similar note, GLC3-3 confirms that intrinsic rather than extrinsic factors are a motivational factor for adopting CSR. Although the Silver Book stresses the equal benefits or value in CSR implementation, he believes that a profit motive is not the only reason as there are other significant reasons for CSR implementation in this organisation. This is shown in the below statement:

> '*I think most of the incentives here are intrinsic .... we do so because we are guided, not pressured by the industry...guided by the Silver Book ... people feel good when they do good things. So why shouldn't we, when it brings benefits of efficiency, better costs, (and) all very logical things for sustainability.*' (GLC3-3)

GLC4

Motivation to adopt CSR in GLC4 also consists of several reasons. The findings point out that the need to inculcate CSR values and the commitment among employees is one of the reasons. Others include sincerity, assisting the Government and teamwork. GLC4-1 believes that in an effort to infuse CSR values, the organisation has to link it with the KPI. Through KPI, employees will look at CSR as part of their lives. However, GLC4-1 stresses that it is not because of KPI that they adopt CSR practices, but that KPI is seen as a catalyst to increase the awareness and commitment towards CSR in GLC4. This is clearly seen in his remark below:

> '*It is to inculcate CSR values, otherwise ... people will look at it as not important to the company, but to include in our KPI is actually to get the awareness, commitment and also to motivate (them).*' (GLC4-1)

This is supported by GLC4-2 who states that the organisation spent a certain amount of their budget for CSR partly to assist the Government, and justifies this as part of their responsibility. In addition, by linking it with KPI, it may help in looking at CSR as being important to the organisation. He also explains that in their previous practices they normally do not publicise their involvement with CSR as sincerity remains the key motivator and is in-line with Islamic teachings. As a result of it being highlighted in Parliament that the GLCs' commitment towards CSR was low, GLCs now have to publicise it. Furthermore, GLC4 needs support from customers and communities to support their operation as emphasised below:

> '*We help others ... with sincerity. Islam encourages their people to share through 'zakat'. Without them we are nobody, and GLC4 will not exist.*' (GLC4-2)

GLC4-3 sees three important aspects which support their motivation towards CSR. Firstly, having full support from top management; secondly, contributing back to those in need; and thirdly, assisting and supporting the Government's activities to achieve Vision 2020. Similar reasons are echoed by GLC4-1. As for the long term benefit, he believes that CSR adoption will add value to their business, and this also

becomes part of the motivation for GLC4. Some of GLC4-3's responses evidenced and summarised below:

> *'The majority of our shareholders are the Government we have to make sure that we are in support with the Government's activities'.*

> *'We hope at the end society will support whatever programmes that we have and secondly we are supporting the nation building to be industrialised by 2020. So...yes CSR has the future with (us).'*

From the above findings, several significant conclusions could be made about the motivations for adopting CSR by GLC4. They are CSR awareness, sharing with society, sincerity, supporting the Government and added business value.

GLC5

GLC5 shares some key motivations for adopting CSR, which include: to help the Government to eradicate poverty, to help the community, and also formalise their CSR practices. All interviewees rejected the idea that their main motivation is based on any incentives or rewards. Here is part of the interview from GLC5-1:

> *'We care about the society ...and that is what drives us. If you are talking in terms of branding ... we are not in a business where we are selling consumer products.'*

Based on the above finding, it appears that GLC5-1 is firm in her response that there are no other drivers leading them towards their CSR adoption. As can be seen in her remarks, GLC5 does not need to use CSR as a means to show to others that they are concerned about other people. She further mentions that the amount allocated for CSR may not be much, but she does hope that it would mean something to the recipients.

In a similar vein, GLC5-2 supports the previous claims by GLC5-1 as he also confidently assures that incentive is not a motivational factor for adopting CSR in GLC5. He prefers to put it in simple terms which are outlined below:

> *'I think management decided to do it not based on incentives. Since we are making money from a certain community we decided to give back. It's not ... because of branding....it wasn't a conscious effort in that way.'* (GLC5-2)

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However, GLC5-2 further comments that in the long run CSR may add value such as branding benefits to their business. Further understanding on the Silver Book will also motivate them to formalise their CSR objectives. He also mentioned that before the Silver Book, GLC5 had been reporting their CSR based on GRI. Aside from helping the community for a better living, GLC5 is also focusing on the environmental aspect of CSR. GLC5-1 and GLC5-2 have a same opinion and agree that the motivation behind moving towards sustainable development is due to self commitment to reducing pollution, and saving more costs of energy and water usage in the future.

GLC6

The scenario in GLC6 portrays that the motivation for adopting CSR is also because of various reasons. According to GLC6-1, passion is the main motivation in GLC6. Passion towards CSR shown by the previous top management in this organisation has moved the groups (under GLC6) to be passionate about CSR. This is illustrated below: *'we have been doing (CSR) even during the time of previous management. That make the group and everybody feel that we have to be passionate about CR .....'* (GLC6-1)

As for GLC6-2, the other motivation for adopting CSR could be derived from the reward given to the best research team involved in their CSR environmental project. He explains that this is a yearly project and each team is given a task to conduct research and try to produce the best CSR project. It is then audited, and the winning team is rewarded financially. GLC6-3 believes budget is a motivation factor. If they have a greater budget, they can do more for CSR. However, she further stresses that at present the real motivation is to gain co-operation from all of the groups to contribute a certain amount of funds (from the profit before tax amount) for CSR activities into the main foundation which is controlled by GLC6. Finally, all interviewees agree that one of the reasons for the involvement with CSR is due to the awareness that there are still a large number of people who are unfortunate in their lives. GLC6-1 for example stresses that a lot needs to be done to develop the nation, and one way is through carrying out some charity work or CSR.

GLC7

The findings for the motivations for adopting CSR in GLC7 show the main reason to be sincerity, as well as other reasons such as contributing back to the society. In response to the question of motivation, GLC7-1 and GLC7-3 see a connection between good intention and the teachings of Islam. This is translated in the subsequent remark:

> '*For motivation ... if you have a good intention ... to get blessing from Allah (God), you will do it with sincerity. Meaning that, you do it as part of your job responsibility, with an open heart'.* (GLC7-1)

The above opinions maybe slightly skeptical to others, but the same response is found in several other GLCs. In reference to the remark made by GLC7-1, it can be analysed that by adopting CSR with sincerity, a positive mood will emerge. In the end, people simply feel happy to get involved in CSR projects.

Alternatively, GLC7-2 believes different levels have different motives for adopting CSR. At the company level, the perspective of competition in attracting better future investment could be one of the reasons; at the strategic planning level, the motivation is linked to the need to contribute back to society who has been supporting their business. Not rejecting the motives of image or branding as probability of motivation for adopting CSR, GLC7-2's views appear to be fair.

GLC8

In GLC8, the findings lead to giving back to society as being the main driver for adopting CSR. Based on the comments made by GLC8-1, it appears that their commitment towards external factors such as the external environment and community is compelling. This is supported by GLC8-2 as he believes the key motivation behind the adoption of CSR is to show their commitment to society. This is evidenced in his remarks as shown below:

> '*So why we do it is because it's our way of giving back to society. Because to some extent we have a responsibility towards the community….*'

GLC8-2 further adds that CSR requires a certain amount of investment and resources, and the priority goes towards the community who are especially affected by their

business. GLC8-1 and GLC8-3 identify the cooperation received from their top management, recipients and employees as one of the motivational factors. This is evidenced by the cooperation received in implementing any CSR programmes which can be justified as leading to the success of the activity and at the same time creating a motivation for organisation to continue with CSR programmes.

GLC9

In GLC9, the findings show that employees' participation and willingness to execute social contribution projects have become a key motivation in CSR adoption. GLC9-1 reveals that most of their CSR activities are being suggested by the employees. Strong support received from the employees as volunteers for CSR programmes without any monetary initiatives involved shows that they are sincere in helping and ensuring the programme is successful. This is highlighted by GLC9-1 in the comments below:

> *'It is all about values. If our staff volunteer that means they have a strong value in supporting a particular event. ...if CR programmes involve charity events, the participation from the staff is very high...and we try to use that to our advantage because we can't do programmes they do not support...'*

GLC9-1 also linked the situation in the organisation with the teachings of Islam whereby sincerity is the key element in helping others. In fact, there are cases where some employees are secretly involved in social contribution activities which are based on their own initiative without being pressured or initiated by management. This could be because they do not wish to disclose their involvement in CSR as they believed helping with sincerity contributes to inner satisfaction.

GLC10

In GLC10, all interviewees come to an agreement that passion and sincerity are their two main motivational factors behind CSR adoption. Based on the findings, it appears that in getting the volunteers, there is no such pressure being imposed on the employees and also no tangible rewards are provided for the volunteers. This is evidenced in the below statement is what GLC10-1:

> *'The biggest incentive (is) CSR has to come from a heart. If I say to my staff or my colleague...'you have to do CSR because it is part of your KPI, they*

will think this is one more job for me'… The interest is not there. Even the
recipients know that (we do) for a corporate image… and no sincerity.'

GLC10-2 also adds:

'We cannot force people … If you force people there will be less interest in
them to participate… So it is not right. If you want to do CSR it must be with
passion and interest and spirit, full of spirit. People will know if it is not
sincere. '

The above two responses show that the factor of sincerity and honesty do play a significant role in implementing CSR activities or programmes, and that management wants their employees' willingness to participate not just because of acquiring a high KPI score. This point is quite similar with GLC9 as employees' participation is the highlight of any CSR activities.

Another different view from GLC10-2 reveals that a sound image of this organisation could also be a motivational factor for adopting CSR, for example a good CSR policy. Companies that have good CSR are normally viewed more favourably by investors. This is evidenced in his statement below:

'There is (an) expectation to have a proper CSR contribution. I think now
there is a statement on Corporate Responsibility and there are some
companies producing that, and I think investors are looking at those
companies which have good CSR policy. They have a better perception …and
willing to invest in these companies. So I think that's the motivation.'
(GLC10-2)

Another point of view on motivational factors for adopting CSR at GLC10 shared by GLC10-3 is in terms of communication. A clear policy, objectives, motives, and activities are actually a motivation for adopting CSR in any organisation, as evidenced: '*CSR is something how it is (been) communicating to the staff. We have*
conducted a briefing to all staff, (inform) what we intend to do, and how our future
CSR activity is going to be.' (GLC10-3)

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6.4 CSR Processes Implemented in GLCs

6.4.1 Introduction

The findings in this section reveal the adoption of CSR processes after the Silver Book was officially introduced in 2006. Before embarking into any CSR activities, the Silver Book outlines several processes (see Table 6.1) for GLCs to adopt, to ensure they would achieve a high value impact in future. The processes include: understanding principles; evaluating starting position; and six building blocks (comprehensive policy, clear financial spending target, regular enhancement, handling new requests, reporting and communication, and developing effective governance and organisation).

Based on the processes suggested by the Silver Book, the findings outlined below (see Table 6.1) describe how GLCs experience them. However, it is vital to stress that not all of the steps are included as not all interviewed GLCs elaborated on all parts. GLCs are not forced to adopt or comply with all of the steps or structures outlined in the Silver Book. They are allowed to utilise their own guidelines if they believe that they are more suitable for their CSR implementation. There is no penalty imposed in GLCs if they have decided not to adopt the guidelines. However, all GLCs are encouraged to use the Silver Book as a main source of guidelines on CSR. The findings present the actual acceptance towards these processes. GLCs are also required to submit their progress and reports on CSR to Khazanah. Although, all the ten interviewed GLCs clearly express they did not comply with all the guidelines, it is significant to analyse the actual experiences of these organisations in adopting and adapting to the requirements of the Silver Book. Details of compliance are presented in the following sections.

6.4.2 CSR Processes

The first process is, 'Understanding the Guiding Principles'. There are three important principles (see Figure 2.2) on contributions to society which are intended for GLCs to adopt and abide. The second process involves evaluating starting position in which GLCs have to follow some assessment guidelines before embarking into any

CSR activities and the third process is related to developing a responsible contribution programmes (the six building blocks).

Table 6.10. CSR Processes in GLC1 based on the Silver Book Guidelines

GLCs / CSR Process	1	2	3	4	5	6	7	8	9	10
Understanding Principles 1 Shareholders returns and stakeholders needs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Create value to shareholders and stakeholders	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3 Actively manage contributions efficiently and effectively (engage relevant s/holders to reduce impact and costs and explore alternative fundings)	NI	NI	NI	NI	NI	NI	NI	NI	NI	NI
Evaluating Starting Position 1 Self assessment of starting position	×	×	✓	✓	✓	✓	NI	NI	NI	NI
2 Cost-Benefit Assessment (CBA) – focus on Net Economic Impact (NEI)	✓	×	×	×	✓	✓	NI	×	✓	×
3 Impact Scorecard to GLC and society	×	×	×	×	✓	✓	NI	NI	✓	NI
Building Blocks 1. Comprehensive Policy	✓	✓	✓E	✓	✓	✓E	✓	×	✓	✓
2. Clear Financial Spend target	✓	✓	✓	✓	✓	✓	✓	✓	✓	NI
3. Regular Enhancement	✓	NI	NI	×	✓	×	×	NI	✓	NI
4. Handle New Requests	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Reporting and communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Effective Governance and Organisation	✓	✓	×	NI	✓	✓	✓	✓	✓	✓

*NI= Not Involved   E= Environmental

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GLC1

The findings for the first process which is 'understanding the guiding principles' show that GLC1 understand the three principles and that is portrayed in their actions. GLC1 clearly mentions that whatever contributions they want to make must be in conjunction with their parent's company, and the main priority is ensuring it will benefit the shareholders. This signifies that GLC1 focuses their contributions in which the end results should benefit their shareholders and stakeholders and is in-line with Principle One.

Principle Two stresses on long-term contributions to society which should result in significant and sustainable benefits for shareholders and stakeholders. The contribution should be in-line with the organisation's core business, support the seven core areas of CSR, and ensure alignment with at least one aspect of National Economic Development Policies (NEP) as expressed in the Ninth Malaysia Plan (see Appendix Two). In relation to this principle, the findings reveal that GLC1 contributes annually to a 'Foundation' which belongs to their main shareholders, to support the education of children and disadvantaged members of their shareholder community. As for CSR focus, it is divided into: the workplace, marketplace, community, and environment. GLC1-3 admits that all the seven core areas of CSR are included under these four quadrants. This is evidenced in the below statement:

> '*We divided into four and (the) Silver Book has seven. CSR (definition) is very wide, there is no specific focus. Generally we are looking at everything ... human rights, employee welfare, customer service, all of that is part and parcel of doing business.*' (GLC1-3)

In relation to NEP, GLC1 supports the NEP and is committed to supporting the Government. For example, GLC1-3 explains that they: provide training for the surrounding communities with an aim to provide add-on skills for them; provide accommodation for low-income groups and several other developments; and support a school adoption programme, PINTAR. PINTAR is a government project which is spearheaded by Khazanah. These actions match the NEP development of empowered youth for the future.

The findings for the second process which is 'evaluating starting position' reveal that not all processes are applicable for GLC1. GLC1-3 identifies the process of evaluating the CBA of contributions to society as the most challenging part. He expresses his concerns below:

> *'If you have a situation where you could evaluate, you want to see the economic value of CSR contributions, but in reality, however, it's very difficult to put a number ... for NEI, if try to run numbers for the amount of money you invest on the natives land you can put numbers, but certain things you can't.'* (GLC1-3)

The above statement expresses how he feels towards the calculation of NEI. Although, he realises that the process is good, and they apply it, he also admits that it is a difficult situation as some contributions cannot be specifically evaluated in numbers.

The third process involves 'developing a socially responsible contributions programme'. Under this process there are six building blocks for CSR programs to take place (see Table 6.1). As an organisation which is involved in CSR for many years, GLC1 admits that the process is somewhat rigid, though they agree that the Silver Book transforms their practices towards formality. GLC1-3 confirms that they have established their CSR policy (first block) and have a clear CSR focus. This is corroborated with the Chairman Statement in the Annual Report of 2007, that in tandem with the Silver Book guidelines for CSR, GLC1 introduced their group CSR policy. The policy is considered to be comprehensive as it clearly states their main concern towards their shareholders and other stakeholders (communities and environment). Other core areas of CSR are also becoming the main concern of GLC1.

For the second block, GLC1 has a clear budget for CSR activities which is guided by the annual budget and is subject to changes. According to GLC1-3, until today there has been no pressure from the shareholders with regards to a CSR budget. He believes that the knowledge and acceptance towards sustainable CSR is still at an early stage, thus everyone is willing to work together towards developing the country.

The third block, regular enhancement in social contribution, sees GLC1 clarifying their nature of commitment into four categories. They are related to policy, philanthropy, external monetary contribution, and internal monetary contribution (CSR efforts which benefit the employees). This nature of contributions which are clearly specified by GLC1 (in their CSR policy) makes it easier for them to manage the costs incurred for undertaking CSR activities and increases the resulting impact. The fourth block, handling the new requests, sees GLC1 establishing a systematic process to handle the different types of requests. The respective divisional head or head of business department handles the request and approval according to their authority limits. However, for external monetary contribution, the Corporate Communication or Corporate Planning Department is in charge. In the case of a doubt in approving authority, the subsidiaries are required to forward the requests to the Group Managing Director for consultation or approval. These findings show that GLC1 is serious in formalising the handling of new requests for CSR, though they admit that parts of the guidelines are not suitable for their organisation.

The findings for the fifth block, which is reporting and communication, reveal that GLC1 submit their CSR report periodically to Khazanah as requested. Also, according to comments by GLC1-3, reporting helps them to systematically present their CSR initiatives as he explains below:

> *'We cater a policy by way we put an authority limits, (and) reporting structure. It allows us by that virtue to track what's happening within the group.'*

The sixth block, which is developing effective governance and organisation, sees GLC1 following the guidelines in terms of developing specific KPIs and targets for CSR initiatives, appointing gatekeepers for all new requests, and having centralised reporting. Further clarification by GLC1-3 describes all the division heads in GLC1 are the gatekeepers and they have to prepare their own reporting for each undertaken initiative. All reports are then submitted to the Corporate Communication Department for review, compilation and submission to Khazanah.

GLC2

GLC2 finds that the first process, understanding principles, provides guidance towards formal CSR implementation. In responding to Principle One, GLC2 follows the guidelines in many aspects specifically in ensuring customers and employees' satisfaction towards their products. Principle Two sees GLC2 has long-term CSR activities that are aligned with their core business. In relation to the seven core areas of contributions, GLC2 position their contributions into: the work place, market place, community and the environment. However, according to GLC2-2, education, employee wellness, environmental conservation, and the community remain their top priorities. In relation to NEP, GLC2 supports education through providing scholarships and schools adoptions through the PINTAR Program, which aims at improving student performance in rural areas. Besides that, GLC2 is involved in creating awareness and improving environmental protection. Based on the findings, it appears that they are involved in the national agenda and support the Government.

The second process, which is evaluating starting position, shows that some assessment is not applicable to GLC2 except for CBA process. GLC2 understands the significance of this process in the whole CSR implementation, however, GLC2-1 admits that it is challenging and they are still learning this process, and that they need to be further educated on how to calculate the NEI.

The findings for the third process, the six building blocks, reveal GLC2 complies with the first block which is formulating a comprehensive policy on social contributions. This demonstrates that GLC2 understands the importance of having a comprehensive contributions policy. The statement below explains the situation in GLC2:

> *'When we developed CSR, that's what our policy is all about .... So I think the Silver Book drives us to what we have done so far. I think it's a good policy to start with.'* (GLC2-1)

GLC2 also fulfils the second block whereby they have a clear budget on CSR and who is in charge. For example, from deciding the financial spending target, the head of the organisation decides on the allocation of the budget for CSR programmes. The fourth block, the process of handling new requests, sees the Corporate Communication Unit act as a gatekeeper. This unit screens all requests, and

shortlisted requests are presented to management for approval. In following the guidelines, GLC2 stresses that the requests which relate to their core business and benefit many people in the long-term are a priority, however, all basic requests will be treated fairly and be based on a case to case basis for approval. The fifth block, positive reporting and communication, sees GLC2 coming out with a CSR Book and more disclosure. The book reports all CSR programmes and activities adopted by GLC2 and the change in CSR reporting is clearly seen in the annual report. Prior to 2006, a CSR report only existed in the Chairman's Statement in the Annual Report. From 2007 onwards, CSR is reported in a specific section in the Annual Report and is also mentioned in the Chairman's Statement. GLC3 also received an A+ grading under the Global Reporting Initiatives (GRI) framework.

The findings for the sixth building block, effective governance, show that GLC2 follow the process by including KPI for CSR in the Executive Director (ED)'s KPI. By including CSR in KPI, it is believed that it raises the CSR standard of adoption as explained below:

> '*The ED managing the Silver Book and it falls nicely into her KPI ... I see that from the top level, from the GLCs or the main TMO, they're putting lots of effort. Their commitment is very high.*' (GLC3-2)

Under this process, GLC2 has formed their own mini Transformation Management Office (TMO) to consolidate the Silver Book compliance and reports; appoint a special committee to take charge of the Silver Book (ED for Group Public Affair as a champion); and a Task Force Committee as champion for CSR matters. These actions are described by GLC2-1 and GLC2-2 as a situation in which they try to ensure the compliance of the Silver Book.

GLC3

The findings for the first process, Principle One, suggests that GLC3s' primary objective to enhance shareholder returns and meet other key stakeholders, is given a top priority. Thus, employees' welfare, safety, and ensuring efficient goods and services are not compromised in GLC3. Principle Two sees GLC3 align their CSR to the core business activities. GLC3-1 admits that their focus on education and

environmental protection has a close link with their core business strategies and is long-term. They also support the seven core areas of socially responsible contributions which are evidenced through implementation of various social contributions activities relating to the community, customer service, environmental protection and ethical business behaviour. However, not much information is supplied in the aspects of human rights and supplier partnership. In response to the alignment with at least one of the key NEP, their selected CSR programmes fit into the principle. GLC3 also adopts the PINTAR programme. GLC3-2 stresses that, *'education is the key to improve any countries' economy'*. This is definitely has a link with long-term social contribution. GLC3 also ensures that their CSR activities follow Principle Three accordingly and are in-line with industry norms.

The second process, evaluating starting position before embarking into CSR, is seen by GLC3 as a good process though they have not fully adopted the suggested assessments. GLC3 designs different assessments in obtaining the feedback for every CSR programmes but with a similar purpose which is to identify areas of improvement in its programmes. The CBA process is viewed by GLC3 as very technical, and the process is not applicable to them as they do not produced a detail calculation on how much they gain on every cent they spend for CSR. GLC3-2 admits that they do attend the workshops organised by Khazanah in familiarising them towards the Silver Book and specifically the CBA with the NEI calculation, but is not yet fully exercised by GLC3.

The building blocks process is implemented by GLC3 accordingly. The first block concerning a comprehensive CSR policy, sees that GLC3 does not have a specific CSR policy. However, they have a environment related policy. Another significant focus under this block is the collaborations between GLC3 and MERCY and MAKNA. GLC3-2 explains that their collaboration with MAKNA has been in progress for more than 10 years, which means before the Silver Book was launched. Thus, the collaboration fits into the suggestion for long-term collaborations with NGOs as stated in the Silver Book, and indirectly meets the Malaysian government's hope and intention that the private sector should actively play their roles in helping the community have better living standards.

The second block, which is having a clear financial spending target, shows that GLC3 decides the budget and expenditure for its CSR programme. In the case of the PINTAR programme for example, GLC3 decides how much they would allocate for the programme. Although the list and criteria of schools are set by Khazanah, the budget is solely decided by GLC3 in advance. Handling of new requests is another process which GLC3 considers to be interesting but challenging. According to GLC3-2, they always receive many applications for CSR. Although they have decided on which aspect to focus, such as education and environment, they still consider other applications which fall under the seven core areas of contribution, and decide which is worth their contribution. For this matter, their Managing Director makes the major decision and the department head is in charge of minor decisions.

The sixth block, which focuses on effective governance, is not clearly mentioned, however, GLC3 explains that they have three departments to handle matters related to CSR. The External Relations Department handles structured CSR programmes which include PINTAR (education), and poverty (hardcore poor). The Corporate Communications Department handles all ad-hoc requests on disaster relief and other community relations, and the Corporate Safety, Security and Health Department handles environmental issues and the Green Campaign. With the functions being allocated to each separate department, it is easier for GLC3 to monitor their CSR implementation.

GLC4

In the case of GLC4, CSR implementation is a continuous process. The process as guided in the Silver Book is mostly being adopted by GLC4. The first process, understanding the three principles, is highly supported by this organisation. Principle One which relates to shareholders wealth and meeting other stakeholders needs was not been thoroughly discussed during the interview, however, a statement makes by GLC4-2, *'so people think that corporate responsibility is for the public and as a caring organisation we take care both external and internal',* shows the focus of GLC4 in CSR.

The above statement can be analysed as GLC4 not solely focusing on the stakeholders needs, but also shareholders. Principle two stresses on three important elements. Firstly, a long-term aspect of contributions to society and alignment to the core business sees most CSR programmes have a close link with their core business. This is evidenced in the findings by analysing the type of contributions done by GLC4. For example, all costs for the supply of utilities for people who live in remote areas in Malaysia are borne by GLC4. Secondly, to support the seven core areas of CSR, CLC4-3 explains that their actual practice is based on the six pillars. However, the six pillars are almost similar with the seven core areas except that the six pillars do not focus on human rights. Thirdly, an alignment with one of the key NEP, demonstrates a link between CSR in GLC4 and the NEP, and it is strongly focusing on several policies such as powering education, powering the nation, sports and environmental protection. An example highlighted by GLC4-1 below shows their high concern towards people and environmental protection:

> *'Our CSR is partly we try to mitigate the environment issues... we want to prevent our compound that may affect other environment, like fishing activities.'*

Another example is their involvement with the PINTAR programme. GLC4-2 believes that whatever their CSR programmes are, it is related to their core business and the national policy.

The findings for evaluating starting position demonstrate that GLC4 has their own guideline. The process is similar, however, they use different terms. The aspect of the CBA is acknowledged by GLC4-1 as important, but there are no further details provided by the interviewees. Nonetheless, GLC4-1 is quick to respond that not all CSR matters can be easily measured.

The process related to the building blocks of a CSR programme reveals that GLC4 has their own building blocks which are similar to the Silver Book. GLC4-2 explains:

> *'I believe we also do not stray from that path… between the Silver Book and our present guides. We have examples like the Silver Book. The Silver Book*

has blocks….it's similar with us. It is just that they put in such a way it looks professional.'

GLC4 explains that they accept the Silver Book but they do not follow all the guidelines. GLC4 has a related contribution policy, however, it is not a complete CSR policy. They also have sponsorship and donation, and environmental policies which are quite detailed. GLC4-2 admits that they include reasons for contributions or sponsorship, the recipients, and value-added benefits. GLC4 also ensures that an alignment exists between their business strategy and their social contributions.

The block concerning a clear financial spending target for CSR is formally outlined in their contributions guideline. All related information pertaining to finances is clearly communicated. Handling new requests, which is the fourth block is a process requires a lot of considerations. According to GLC4-2, although it is stated clearly in their contributions guideline on which area of CSR they are focusing, on occasion decisions change based on a case to case basis. Block five which is reporting and communication indicates that GLC4 has a specific report on CSR in their Annual Report. This is justified with the contents of the Annual Reports from 2007 to 2010. In addition to that, GLC4 also has a strong communication on CSR activities which is circulated internally. Block six which falls under the characteristic of effective governance and organisation was not elaborated on by the interviewees. In spite of this, GLC4-2 states that they do have specific KPIs and targets for CSR activities. For more effective governance on social contribution, GLC4 also appointed a specific department as a gatekeeper to take full charge of any CSR programmes including centralising CSR reporting.

GLC5

The process of implementing CSR in GLC5 is handled by the Corporate Communication Department. The findings reveal that the Silver Book helps them to have a better understanding of CSR. It widens their focus on CSR without neglecting Principle One, which is enhancing shareholder returns and meeting stakeholders' needs is met by GLC5. Since the focus of social contribution in CSR is based on the workplace, marketplace, community, the environment, and stresses on providing a

secure and conducive workplace. GLC5 further understands Principle Two by adopting long-term CSR programmes. Through this action, GLC5 is actually responding to the principle which focuses on CSR, and value creation to both shareholders and key stakeholders. In the aspect of aligning with one of the key NEP, GLC5 has decided to focus on education, the environment and arts. GLC5 is also involved in the PINTAR programme and has adopted a few schools in ensuring better education is received by the school children. The second process which relates to the starting position before embarking into CSR programmes is commented on by GLC5-2 as a significant CSR process because it provides guidance for assessment. He reveals that GLC5 applies all the guidelines in the Silver Book. However, not much explanation has been given with regards to the assessment. Simultaneously, GLC5-1 feels that the measurement part, which is CBA and the calculation of NEI is a difficult process.

The third process which is the building blocks of a CSR programme accumulates some important findings. The findings for the first block reveal that GLC5 has a specific CSR policy which they consider comprehensive and explicit. The policy transparently discloses their CSR focus whereby education and the environment are two main priorities. GLC5-1 also confirms that they do adopt all the seven core areas of contributions. The other important element under this block is the alignment between the contribution theme with business strategy and stakeholders' expectations which are seen by GLC5-1 as an important issue:

> '*Our CSR is focusing more towards the business we are in, and we continue to contribute to people, society where we are operating.*

The findings for the second block, a clear financial spending target, shows that GLC5 sets a clear budget for their CSR programmes, however according to GLC5-1, their budget is small. The findings for the third block, regularly reviewing and enhancing existing contributions, have not been clearly informed. However, GLC5-1 mentions that they decide to conduct a survey with their stakeholders for the purpose of obtaining information on stakeholders' satisfaction of their CSR programme. The results will inform them of the actual information of CSR, stakeholders' expectations, impact on costs and whether their CSR programmes meet their stakeholders'

expectations or not. The fourth block, to formalise and handle new requests for contributions, as informs by GLC5-1 is the most significant guideline. The reason is that this guideline assists them in knowing how to handle new requests which are mostly philanthropic, according to GLC5-1.

The focus of the Silver Book is to guide GLCs to better decision-making and the ability to decide on which contributions can bring sustainable benefits to both parties. However, GLC5-1 and GLC5-2 both agree that they still consider new applications which relate to philanthropy. The fifth block which is positive reporting and communication is taken seriously by GLC5 whereby this organisation publishes a separate CSR book. The book adopts the GRI and Bursa Malaysia guideline. Furthermore, according to GLC5-1, '*anyway you look at it you can't run away (as) everything falls under the Silver Book.*' For the sixth block (developing effective governance and organisation) GLC5-1 explains that they are committed in fulfilling this process. They have specific KPIs and targets for contributions, and an appointed centralised unit to monitor and take charge of all CSR matters.

GLC6

GLC6 admits that they are considering themselves as inexperienced in implementing CSR activities as a big group rather than an individual organisation. According to GLC6-1, they understand the first process, understanding the guiding principles. The first principle is interpreted by GLC6-1 as enhancing their knowledge to what real CSR is. He also views the Silver Book as trying to inform that companies should proceed with CSR without compromising the shareholders' returns. In other words, there must be some balance between profits or returns with social contribution programmes to stakeholders. His statement below shows their level of understanding towards this process:

> '*Our key responsible is to make sure that we take care of our shareholders. They are the people who put in the money. If you want to use their money, we must make sure that it is in line with the strategy. It must be a win-win situation.*' (GLC6-1)

Principle Two is seen by GLC6 as conveying the Government's intention that GLCs should adopt a formal CSR programmes which result in long-term benefits. GLC6-1

explains they understand and agree with it. It is translated through the CSR programmes undertaken, such as 'Program Sejahtera', which is to provide a better living standard for communities. According to GLC6-2, this is a cooperative effort with Khazanah in ensuring that certain communities have better housing and a secure income, and is in line with one of the key NEP which is to 'provide accommodation to the low-income group'.

The second process, evaluating starting position, has not been thoroughly explained by GLC6. Perhaps, since GLC6 is still in the early process of understanding the Silver Book, there is not much to share. However, for the calculation of NEI, GLC6 admits that an accountant is involved. The process of scorecard assessment to assess the impacts to both the GLC and society is applied by GLC6 and the practice sees all the Head of Departments required to answer the scorecard. The findings show that GLC6 is attempting to comply with all the assessment requirements and obtain as much information in developing one big CSR activity as a large group.

The six building blocks of a socially responsible contributions programme is a process which according to GLC6-2 requires a great deal of energy and close communication with their subsidiaries. The first block requires a GLC to produce a comprehensive policy for contributions to society, and it appears that GLC6 is in the process of producing one comprehensive CSR policy which is applicable for the group. According to GLC6-1 and GLC6-2, most of the companies under the group have their own policy of social contributions, but GLC6 will create a new policy for CSR which is in line with the business mission, vision and strategy. In relation to the seven core areas of contributions, GLC6-2 explains, *'we actually try to look at all areas even though the four main areas are workplace, marketplace, environment and community.'* The statement shows that GLC6 is currently focusing on the four components, however, education is a priority. The findings also show that GLC6 has a strong environmental policy which they have named a sustainability policy.

The second block, setting a clear financial target, is described by GLC6-2 as an important process. GLC6-2 agrees with the Silver Book guidelines which require GLCs to be precise and transparent in their policy; disclose which areas they are

supporting or not; and disclose which areas are suited to their budget. The head of the company decides on the programmes, however, there is no clear answer on who decides on the budget. GLC6-1 informs that the third block, which is to regularly review and enhance existing contributions, is considered to be significant for their CSR implementation as a group, yet it is currently not applicable to GLC6.

The fourth block, formalising new requests for contributions, offer ways for GLC6 to handle the matter professionally and is applied in GLC6. According to GLC6-1, GLC6 ensures that the CR Department monitors all requests for CSR by screening which are relevant and not relevant to the business strategy and CSR policy. Reporting and communication which is the fifth block changes the practice in GLC6 from informal to formal reporting. However, as GLC6-1 explains, they are still in a learning process and willing to comply with the Silver Book guidelines which suit the nature of their business and organisation.

The process of developing effective governance and organisation is viewed by GLC6 as including CSR in their five year business plan strategy. However, previous practices show that the connection between CSR and daily business strategy is not thorough. With the Silver Book GLC6 has decided to integrate a contributions policy into daily business by allocating certain targets for CSR through KPI, and in ensuring that the strategies are more refined and aligned, the CR Department is appointed as a gatekeeper for handling new requests and compiling all CSR reporting for submission to Khazanah.

GLC7

In the case of GLC7, they admit that they do not adopt all of the guidelines for CSR implementation unless it is related to their core business and strategy. GLC7 has their Standard Operation Procedure (SOP) as a guideline in CSR implementation and has introduced the Performance Improvement Plan (PIP) to address the gap between their existing practices and the Silver Book guidelines. The first process which relates to the three guiding principles is acknowledged by GLC7-2 as vital for CSR implementation. This is because through understanding the first principle, it leads GLC7 towards a strong and responsible organisation. The main priority towards

shareholders remains significant, however as GLC7-2 explains, *'along the way we might come across areas that we have not taken care...through Khazanah we are looking at it seriously...'* His explanation can be briefly analysed as GLC7 ensuring their main objective is intact, and at the same time realising that they have a responsibility towards other key stakeholders.

In response to the second principle, GLC7 views the guideline on adoption of long-term contributions to society which is aligned to the core business as bringing great impacts to the organisation. However, at present they still have to strategise their core business and CSR accordingly. In the coming years GLC7 is hoping to expand their CSR programmes which create value to the company as a whole, and to society. GLC7-1 further comments that they have been implementing many CSR programmes and even collaborate with certain authorities such as the Police Force, Red Cross and others, however, all are short-term programmes. In supporting the seven core areas of social contributions, and ensuring alignment with one of the NEP, GLC7-1 explains that they are focusing on the seven areas but the environment and human rights receive less focus as they are not related to their business. GLC7 gives more attention to employee welfare and community development. In supporting the NEP, instead of supporting the underprivileged, GLC7 is also involved in the PINTAR programme.

The second process, 'evaluating starting position', has not been disclosed by GLC7. It is uncertain how much GLC7 applies these guidelines. This is evidenced in the remark below:

> **'***We are merely trying to familiarise this. So in terms of the ... Silver Book we adopt whichever is applicable at this point of time ... There is no pressure for us to comply (with) everything. We are rather doing it in quality and achieve optimal result rather than try to comply with everything.'* (GLC7-2)

The remark shows that GLC7 does not discard all of the guidelines. As for the CBA, GLC7-1 finds it complicated. She further comments it would be difficult to use one general assessment for calculating the NEI on different CSR programmes.

The process of six building blocks reveals that GLC7 comply with the first block as they have a comprehensive CSR policy. Below is a comment with regards to their CSR policy:

> '*In terms of policy we do have it written in our annual report, Chairman's Statement and we do publish our activities, and certain policies and guidelines has been developed for us to embark into this CSR activity.'*
> (GLC7-2)

The above comment is corroborated with the Annual Reports of 2007 to 2010. It appears that GLC7 is very transparent in defining their area of social contribution. The second block, which is setting a clear financial target on CSR, has not been clearly defined, though it is suspected that they have a clear process pertaining to that matter. Furthermore, GLC7 receives full support from their top management which according to GLC7-1, enables them to assist in executing CSR programmes smoothly. In relation to regular review, formalising the handling of new requests, and positive reporting and communication in GLC7, there is very little information being gathered. However, based on GLC7-1, GLC7 has a specific department to take charge of CSR matters especially in handling new requests (fourth block) for CSR and preparing reports for Khazanah.

The sixth building block, effective governance and organisation requires integrating a contributions policy into daily business. In GLC7's 2008 Annual Report, it is clearly stated that GLC7 has integrated CSR into their business strategy through the launching of certain CSR campaigns. GLC7 also has its specific KPI for CSR contributions, and it reflected in the CEO's KPI. Another significant aspect under this process is the appointment of a gatekeeper to handle CSR matters. It is believed that the Corporate Communication Department is the gatekeeper for GLC7.

GLC8

CSR processes in GLC8 demonstrate that this organisation follows some of the guidelines from the Silver Book. GLC8-1 explains that they have accepted the Silver Book as it transforms their CSR practices into more structured practices. However, he stresses that they only follow the guidelines that suit their business. The first process

which relates to understanding the guiding principles demonstrates that GLC8 is not an enemy to the first principle since they are still focusing on shareholders. There is no issue concerning enhancing shareholder returns, but what is most important is how they fulfil the needs of other key stakeholders such as customers. The second principle guides CSR which create more value shows GLC8 defines CSR as long-term contributions and sustainability. GLC8-2 elaborates that the Silver Book also guides them to align their CSR with the core business activities. For this, GLC8 pursues the environmental projects which are related to their core business. Another part of this principle which requires GLCs to support the seven core areas of contributions and alignment with NEP is fulfilled by GLC8. GLC8 supports the seven core areas even though some areas, such as the environment, receive more weight than others. In relation to the NEP, one of the examples is involvement in the PINTAR programme. Nine schools have already been adopted, and they are hoping to adopt more schools in the coming years.

The next process, is 'evaluating starting position', requires GLCs to adopt a self-assessment contributions tool and the CBA. However, GLC8 is just focusing on the CBA, specifically the NEI for contributions. GLC8-1 comments on the NEI as follows: *'we don't go up to that extent (the calculation on NEI)'*. This shows that GLC8 does not apply this process. GLC8-2 also finds the CBA a difficult process.

The findings for the next process which are the six building blocks of a contributions program reveal that GLC8 is applying all the processes. The first block, comprehensive CSR policy is acknowledged by GLC8 as vital to their CSR implementation. In the meantime, the comprehensive policy has not yet materialised as it is still under the board review. However, according to GLC8-2, they have a policy related to the environment and the workplace. They have also divided contributions into workplace, marketplace, community and the environment. This is evidenced in her statement below:

> *'... CR is so big at the moment… we define a policy for the environment … We have framework for the community, workplace, and marketplace. So we have got many different policies for different areas but in terms of one big CR*

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> *policy for the company ...we have not consolidated under one policy statement.'* (GLC8-2)

The above statement can be analysed as CSR policy in GLC8 being scattered, however, a comprehensive CSR policy may be realised soon. The other highlights is GLCs should aligned their CSR to their core business, is explained by GLC8-2 that environmental protection remains their main agenda and there has been strong support for environmental initiatives, and is incorporated into business practices.

The findings for a clear financial spending target show that GLC8 has an appropriate procedure. There is no further explanation provided for this second block, nor the third block (a regular review of the existing contributions programme). The fourth block, which is handling new requests for contributions, sees the practice in GLC8 being managed by the Corporate Communications Department. The explanation specified by GLC8-2 can be analysed as this organisation outlining specific guidelines to handle new requests, though there is no detailed explanation given. The account below gives some clues:

> *'We evaluate because we cannot attend to every single requests. We look at whether it aligns with whatever we are already doing ... If it compliments, we will see how we can extend our support. I think one thing about CR is you have to have a focus and you cannot afford to do many things.'* (GLC8-2)

The above explanation suggests a link with an inordinate number of requests for philanthropic contributions. If that is the response, it shows that GLC8 is in-line with the Silver Book and understands how CSR is supposed to be pursued correctly. In the end, all parties gain benefits from this programme. The fifth block, which is positive reporting and communication, portrays that there are changes in the style of reporting which GLC8 applies in its process of CSR disclosure. This is corroborated with the Annual Reports of GLC8 from 2007 to 2010. In the 2007 Annual Report, CSR disclosure was still included in the Chairman's Statement. However, from 2008 onwards there is a separate individual section of CSR disclosure instead of it being highlighted in the Chairman's Statement. As for submission to Khazanah, CSR reports are prepared by the Corporate Communication Department. From here, the department passes the report to the Mini TMO unit which is in charge of compiling

and monitoring the whole Transformation Programme for GLC8.

The final block, which is effective governance and organisation, indicates that GLC8 integrates their contribution policy into daily business. It is done through the specific KPIs and targets prepared for contributions. The appointment of a Corporate Communication Department as a gatekeeper to handle new requests for social contributions, and the appointment of mini TMO to centralise all CSR contributions in GLC8, show that GLC8 complies with the Silver Book guidelines.

GLC9

The findings for understanding the guiding principles on CSR show that GLC9 follows the principle in enhancing shareholder returns and meeting key stakeholders needs. GLC9-1 believes without a sound and established income they cannot pursue CSR. The second principle leads GLC9 to firstly create a core value. The core value is then translated into providing good products and services to their customers. GLC9 also supports the seven core areas of CSR, however, they admit that the least support is given to human rights. In ensuring alignment of CSR with NEP which is highlighted under this principle, GLC9 vows to increase the national capacity for knowledge and innovation, and empowering youth for the future. For example, for the school adoption programme, GLC9 works with Khazanah in the PINTAR programme, and also collaborates with the National Bank. GLC9-1 believes that education relates to sustainable contribution as the educated youths are the catalyst for country's future development. Aside from this, GLC9's involvement with communities (by providing better living standards and supporting better health care) is also part of their contributions with regards to the NEP.

The second process, which is evaluating starting position, reveals that GLC9 follows some of the guidelines. GLC9 finds that NEI process is practical and not complicated, and that they also adopt the scorecard assessment for qualitative impact. However, there is not much explanation provided for this part.

The next process presents how GLC9 adopts the six building blocks for their contributions programme. The findings for the first block, establishing a comprehensive CSR policy, reveal that GLC9 has a CSR policy which is presented

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under the Corporate Communication Policy. The policy comprised of three objectives for CSR of which all objectives relate to knowledge sharing with the community pertaining to money saving. In relation to the seven core areas of CSR, GLC9 actually divides their focus into four quadrants: workplace, marketplace, community, and environment.

The second block, a clear financial spending target on CSR, shows that GLC9 has a clear practice on this matter. The practice is that the concerned division submits a CSR budget for the Board of Directors (BOD) approval. Similar to other GLCs, they set certain budget limits for approval; for example, a budget amount of up to RM50000.00 shall be approved by the Head of Corporate Communications. The third block, which relates to regularly reviewing and enhancing existing contributions, is explained by GLC9 as a useful guideline, which is easy to comply with. GLC9 has a CSR manual for their reference, review and strengthening their CSR implementations. The fourth block, formalising and handling of new requests, is managed by the CSR unit. The findings reveal that GLC9 is committed and focused in dealing with new requests. This is evidenced in the statement below:

> '*We have CR guidelines that ... help the staff to evaluate whether a project that comes into our hands ... we should give emphasis to it, how much emphasis ...,.'* (GLC9-1)

The fifth block, which is reporting and communication, illustrates that the documentation component is handled by the CR Unit. The CSR disclosure process has changed in GLC9 and has become more transparent. This is substantiated with the analysis of the Annual Reports of GLC9. Before the Silver Book was introduced to GLCs in 2006, CSR was reported in the Chairman's Statement. The practice was still similar in 2007, however from 2008 a specific section has been allocated for CSR reports. The findings for the sixth block reveal that GLC9 has specific KPIs and targets for CSR in response to effective governance, and ensuring integration of policy and daily operations process. This process is manages by CR Unit as a gatekeeper.

GLC10

GLC10 considers their CSR implementation as a large group to be very recent. However, as an individual company, CSR has been implemented for quite some time in GLC10. The launching of the Silver Book changed the top management's view on having one CSR for the whole group. How GLC10 has adopted the Silver Book guidelines and experienced the processes is explained next. The findings for the first process reveal that GLC10 applies Principle One, which focuses on shareholders' returns and meeting other key stakeholders. The second principle, which requires GLCs to adopt long-term CSR programmes and align them to their core business, is deemed to be a beneficial action by GLC10. GLC10-1 stresses that their shareholders' wealth remains a priority. This principle has made GLC10 realise the significance of aligning CSR with their core business as it brings long-term outcomes for both parties. GLC10 also supports the seven core areas of CSR though GLC10-2 comments that some areas receive more concern than others. With regards to the alignment with at least one of the key NEP, GLC10-2 declares without hesitation that their CSR is aligned with the national agenda. For example, GLC10-1 explains their CSR activities which focus on community welfare have a strong affiliation with economic improvement. This indirectly shows that their social contribution programme aligns with the NEP.

The findings for the second process, which is evaluating starting position for CSR, provide little information, thus the actual experiences of GLC10 cannot be analysed. Most interviewees discussed the CBA and calculation of the NEI, however, there is no indication of other assessments. For NEI, GLC10-2 admits that they do not practise it as they find the process challenging, and it is difficult to measure the costs in detail. This is evidenced in his comment below:

> '*I think NEI is not practicable. In theory (is) okay but I don't think (it is practical) in the real world. I think it's quite difficult to justify ... the net benefit, net liability for example...we don't practice that'.*

In terms of the next process, the six building blocks, GLC10 reinforces that they implement all the blocks. The first block, which involves a comprehensive CSR

policy, shows that GLC10 has a policy for CSR, and is applicable to all subsidiaries of GLC10. The policy supports the seven core areas of CSR, indicating that GLC10 is focusing on community involvement, customer service and ethical business behaviour. The other areas are also a focus of GLC10, but according to GLC10-3, human rights are not so relevant for them. GLC10 also based their CSR on four quadrants: the marketplace, workplace, community, and the environment. A clear financial spending target, regular review of contributions, handling new requests, and formal reporting are all significant for GLC10. However, only the fourth and fifth blocks are explained. GLC10 responds to the process of formalising the handling of new requests for CSR (the fourth block) according to the Silver Book requirement. It is unsure whether a specific gatekeeper for CSR is appointed, however, each subsidiary has its own champion to handle the requests. According to GLC10-1, normally the requests for CSR can go through many people including the CEO, head of department, as well as the Corporate Communications Department. Based on his explanation below, it can be seen that GLC10 follows the guideline accordingly and has becomes more selective, however it is believed that philanthropic contribution is still considered, as per the remark below:

> '*Sometimes when you look at it (the requests)...you know that is something that you really don't want to do …. We are very fair and transparent because we have already identified what areas we want to contribute … (but) sometimes we look at case by case. We study it first and it is not just a blank approval.'* (GLC10-1)

The fifth block which relates to positive reporting and communication is a process which GLC10 adopts and practices. GLC10-2 stresses the Silver Book completely changed their views on CSR reporting as previously it was tagged as not important. According to GLC10-2, their CSR is disclosed in the Chairman's Statement in the Annual Reports. This is corroborated with the Annual Reports of GLC10 whereby CSR is only mentioned in the Chairman's Statement of the Annual Reports from 2007 onwards.

The findings for the sixth block, which is developing effective governance and organization, present that GLC10 also has a specific KPI which relates to CSR targets for the year. As for the appointment of a gatekeeper, the actual process in GLC10 is not clear. It is assumed that there is one appointed champion to handle CSR matters in each subsidiary, and these champions have to submit CSR reports to GLC10 in order for the Corporate Communication Department to compile all the reports for submission to Khazanah.

6.4.3 Summary

The Silver Book provides guidelines for CSR implementation for GLCs in Malaysia. The guidelines are comprehensive and precise. However, GLCs are not obliged to follow all the guidelines for their CSR implementation. There is no specific flowchart suggested by the Silver Book to show the link between the guidelines. Based on the above findings, all the ten GLCs adopt and adapt the guidelines from the Silver Book. The first process which is 'understanding the guiding principles' states three important principles. All GLCs understand the requirement of these three principles and translate them into their activities in CSR implementation. Most importantly, all interviewed GLCs have begun to redesign their CSR activities into a more formal structure and align them with their core business strategy.

The next process is 'evaluating starting position' which involves several assessment tools as stated in the Silver Book. However, among the three assessments, only the calculation of CBA and NEI is mostly discussed and adopted by the GLCs. This process receives most comments as most GLCs find the CBA a difficult process and it is hard to measure certain aspects of CSR. Conversely, all agree that the process is useful and upon fully adopting it, informs GLCs the costs incurred for CSR.

The Building Blocks, which are considered to be the third process, appears to be the most significant to most GLCs. All the interviewed GLCs admit that they do not comply with all the blocks as some already have their own created guidelines (for example, GLC4). The first and the fifth block have received the most attention. For the first block, which is comprehensive policy, the findings show that not all GLCs have a specific CSR policy. However, they do have some framework for their CSR.

The findings also indicate that the fifth block, which is positive reporting and communication, has received positive responses from GLCs. There are changes occurring in their reporting of CSR (albeit a minimal change for GLC10), whereby they have been allocating a separate reporting section for CSR in their Annual Reports from year 2007 onwards. Two GLCs (GLC2 and GLC5) have even produced a separate CSR Book for public viewing.

6.5 Challenges in Adopting CSR Using the Silver Book

This section presents the findings on challenges in adopting CSR using the Silver Book. In this study, the interviewees were asked about the challenges they are facing in implementing CSR activities based on the Silver Book. Generally, all interviewed GLCs responded to this question, however, not all interviewees provided a significant answer to this question. The trend of similarities and dissimilarities shall be analysed briefly at the end of the section.

GLC1

GLC1 explains the challenges they are facing in implementing CSR can be analysed as weighing towards external challenges rather than internal challenges. They admit that they do not face many challenges in executing CSR activities using the Silver Book. In fact, GLC1-1 sincerely states that one of the challenging factors is that they do not want to outdo the other GLCs in CSR. Furthermore, their CSR activities must be aligned with their core business, resources, policy, and budget. However, he admits there are the challenges in complying with the NEI calculation. GLC1-2 views challenges in the aspect of environmental protection. In his opinion, to motivate everyone to take care of the environment is a considerable obstacle as it needs strong cooperation from many parties which include themselves, society, the Government, and the neighbouring country.

GLC1-3 provides a real example of challenges in implementing CSR whereby to him the main challenge is to reject huge CSR requests they have received. He admits that the challenge does not so much relate to executing CSR activities, but comes from the outside. In this situation GLC1 believes that the Silver Book provides a solution, thus they have to be selective. This is evidenced in an excerpt from his interview:

'I think there are not many challenges of doing CSR activities. The only complaint I could see at times people abused the idea of CSR... too many people asking for donations. It's a challenge in a sense, we cannot accommodate everybody....' (GLC1-3)

GLC2

The findings reveal that there are minimal challenges for CSR adoption faced by GLC2 in complying with the Silver Book. In terms of CSR adoption, it can be analysed that the process is being implemented accordingly. The right team, full cooperation from top management, clear CSR objectives, and a sound budget manage to reduce the number of challenges. High cooperation shown by top management in CSR adoption is translated by the team members as evidence of a strong commitment to CSR implementation. This is clearly seen in GLC2-2's remarks: *'their commitment is very high. So I think when top management is committed, GLC level will also be committed.'*

GLC2 also identifies three challenges: the quantity of reports, CSR measurement and dictation of contribution. GLC2-1 views the first challenge is regarding the reports on CSR which they have to submit to Khazanah periodically. GLC2-1 sees this as a challenge due to a state of uncertainty of whether the reports submitted were sufficient or not. However, as they are still in a learning process, GLC2-1 agrees that there is always room for improvement and they are moving forward towards achieving ideal CSR. The other challenging aspect with regards to the Silver Book highlighted by GLC2-2 is the measurement process, the NEI. It is also a challenge to measure as some aspects of contributions is difficult to measure in terms of monetary contribution. In his opinion, the different sizes of GLCs lead to some GLCs contributing more than the others. The below statement by GLC2-2 shows his concern:

'For example, if x million is to be raised, and each GLC has to come out with xx million. As the sizes of GLCs are different some maybe... can contribute more, some may be not…so when you start dictating the amount, that will be difficult. If leave it up to the company to decide the amount of contribution,

that is much easier. .... The rest I didn't see much problems. It is because we have been exercising CSR even before the Silver Book, so there is not an issue.'

This statement by GLC2-2 shows that adopting CSR is not an issue. However, the process of dictation may create a sense of discomfort for certain GLCs.

GLC3

The challenges faced by GLC3 are more to do with business pressure and environmental pressure. GLC3 faces greater more external rather than internal challenges. Externally, they have to adhere to strict international regulation if the business is to remain sustainable, which is also linked to environmental CSR. It is quite difficult to gain understanding from everyone (except top management) due to the absence of physical impact. However, in terms of recycling, and water and energy saving, there is good cooperation from the employees. GLC3-2 views that challenges in adopting CSR is sometimes related to political factors. In a brief example he explains that for the school adoption programme, there are cases in which the school is selected based on a request made by some politicians. If the school adopted by GLC3 is located under a certain politician's jurisdiction, indirectly that politician gains some political advantage. The challenge here is how serious is their commitment in CSR, like the case of officiating a CSR programme in the selected school.

GLC3-3 reveals CSR adoption is not a challenge, however, he views the Silver Book as slightly rigid and too micro, of which the CBA process is a challenge. This can be seen in his comment below:

'I think the challenge is of being too micro and then try to apply across all the GLCs that are different and actually having broad templates and at your depth.... and context, you have to define.' (GLC3-3)

Based from the above findings, it is clear that the challenge faced by GLC3 is related to both external and internal factors. The external factors include adhering to international rules and some political issues whereas internally, the challenge arises in adopting the NEI process and increasing employees' understanding regarding

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environmental protection as part of CSR.

GLC4

The challenges faced by GLC4 in CSR adoption particularly derive from internal factors. GLC4-1 points out two main challenges: limited budget and lack of availability of resources to volunteer. A limited budget has caused GLC4 to limit their CSR programmes and this is indirectly limits their creativity. The issue of a lack of volunteers and time is due to limited days in the year being allocated for each employee to participate in CSR programmes. With a tight working schedule, these become a challenge.

GLC4-3 describes the challenge in adopting CSR in this organisation as not severe. It is still within their capacity to handle the situation since the majority of the employees understand what CSR is. However, there are some employees who think that CSR wastes their money as it is supposed to be used to increase employees' benefits, such as bonuses and training. This finding shows that a lack of understanding of the real meaning and benefits of CSR may create disharmony in the organisation. However, it is not easy to change the employees' mindset. The below statement from GLC4-3 is significant to analyse:

> *'We have to educate not just the public but also our own staff that CSR programme can help our business… some people might think differently, but to me is investment …. to help our next generation because to me education is something which can really ensure that our country will develop.'*

The above statement shows insufficient communication exists regarding CSR and the Silver Book. It is believed if the CSR team were to invest more effort in enhancing employees' understanding of CSR and the Silver Book, it would gradually reduce the challenge.

GLC5

The findings for GLC5 reveal that they do not face critical challenges. However, budget is a constraint. Receiving full support from management helps them reduce the challenge and for GLC5-1, this is very important. Management gives them freedom to adopt kind of CSR programme that is suitable to their business strategy and budget.

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The second challenge according to GLC5-1 is to enhance people's understanding that GLC5 is not simply involved in social contributions. Any new requests for CSR according to the Silver Book must be accompanied with clear paperwork, and CSR programmes must be sustainable, in line with core business, and benefit both parties. However, it is quite challenging to educate the outsiders as GLCs are seen as their source of assistance. The third challenge is resources. GLC5-1 reveals that they have limited resources allocated for CSR programmes. Due to this issue, they are not able to implement a large scale of CSR activities. Based on these findings, it is clear that GLC5 faces both internal and external challenges in adopting CSR using the Silver Book.

GLC6

GLC6 admits they do face several challenges in adopting CSR programmes. However, as for complying with the Silver Book, this does not present a great obstacle. According to GLC6-2 and GLC6-3, they do not extract all guidelines from the Silver Book. The first challenge is identified by GLC6-1 as choosing the right project as shown below:

> '*I think it is a challenge to choose the right one and to make sure it will benefit many people and is sustainable ... assess which project that you will do and will benefit the masses, ... that is the challenge'. (GLC6-1)*

He further mentions that:

> '*The other thing is a challenge to not get politically involved for political benefit. That is the other challenge that we have to look at.'*

The first challenge is somewhat softer and furthermore, it shows how concerned GLC6 is about the effects of their CSR programme on people outside their organisation. This is important and it shows that GLC6 understands the requirement by the Silver Book that the paradigm of CSR practices in GLCs have to be changed. The new CSR should benefit both GLCs and the recipients. The second challenge which is attributed to a political aspect is slightly difficult to deal with as it needs cooperation and understanding from many people. GLC6-1 comments that the requests by certain politicians for CSR activities to be held in their constituency shows concern towards their people. However, if it is carried out with an intention of

gaining political mileage, that is insincere. In analyzing this statement, it is believed that GLC6-1 sees this aspect as a crucial challenge. This can be seen in his other remarks:

> *'So we must see whether it is really genuinely needed (and) we must know how to draw the line. I think that is the challenge. To say we are doing CR..... for political reason or some monetary gain in that sense, I don't think that should be.'* (GLC6-1)

The remarks can be further analysed as portraying a feeling of uneasiness from GLC6 if the assumption made by everyone is that their CSR is not for the benefit of the masses but for other advantages. GLC6-3 voices her concern regarding the challenge of how to gain a solid cooperation from all the subsidiaries and develop one CSR for the whole group. The previous practices saw each subsidiary having its own CSR activities. There are ample activities but they are mainly individual activities. To have one common prime CSR programme is seen as a challenge by GLC6-3. However, with the guidance of the Silver Book concerning CSR policy, GLC6 is hoping that they will be able to overcome this challenge soon. This is clearly seen in her statement:

> *'For us to get every champion to talk the same language and to buy this idea is not easy…. Each one of them was so proud of their own CR activities…… so it is very difficult, to get each champion to collaborate with us. But I can see we can do that by having a proper policy.'* (GLC6-3)

GLC7

In GLC7 they do not view CSR adoption as a challenge which is similar to how they view the adoption of the Silver Book guidelines. However, GLC7-1 and GLC7-2 agree that an organisation must be in a good shape in order to execute CSR activities. As for GLC7, they admit that they are new to CSR as compared to the other established GLCs although they have always been involved in philanthropy. GLC7-2 sees having a budget for CSR can be one of the challenges, but he believes that regardless of how much is allocated for CSR, the issue of insufficiency still exists. He further questions, *'what is the general rule of thumb for them to contribute'?* In answering this question, it is important for GLCs to decide transparently whether their

CSR is based on their size, revenue, resources or other factors. This shows that GLC7 is concerned about CSR adoption and its implementation.

GLC8

There are a few challenges faced by GLC8 in CSR adoption using the Silver Book. The three interviewees describe four important challenges, such as resistance to change, lack of employee engagement, awareness and budget. For the adoption of the Silver Book, there has been some resistance to change to new CSR guidelines as suggested by the Silver Book. This issue is commented on below:

> '*Initially we did face some resistances in the sense that it is normal for any change management, encounter the value of despair. People don't like change. If we want them to produce something which is different it is something they don't like ....*' (GLC8-1)

The above comment shows GLC8 understands the resistance; however, it is interesting to note that the level of resistance begins to reduce after they see the result. Although it has not been discussed in detail, it is suspected that the result is related to the success of CSR implementation within the allocated budget.

GLC8 observes that receiving full commitment by employees for CSR activities is quite a challenge. The culture of having the same volunteers and only certain departments being involved shows that GLC8 does not receive full cooperation from all employees. When employees continuously think that 'CSR is not included in my job scope', this hampers the process of getting more volunteers to take part in CSR activities. GLC8-2 even suggests incorporating employees' involvement in CSR in their KPI as a solution to boost their awareness level of CSR. GLC8-3 lists awareness and budget as challenges in CSR adoption in GLC8. She explains many employees are not aware of the Silver Book. Only those who are closely related to the Silver Book understand the guidelines and its role in CSR. Budget is another challenge for CSR adoption, however, GLC8-3 does not see it as a great issue as in her view, they can still use a minimum budget to implement CSR programmes.

Based on the above findings, it shows that GLC8 tries to come out with solutions for the challenges they face in CSR and the Silver Book adoption in GLC8. This explains

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how committed GLC8 is in reducing the challenges and ensuring the new structure of CSR is taking place in GLC8 with the guidance of the Silver Book.

GLC9

GLC9 also faces certain challenges in their CSR adoption. The first challenge is identified as a lack of budget, and the second is the right categorisation of CSR. According to GLC9-1, budget constraint is always a challenge and she feels other GLCs are also in the same predicament. Due to this constraint, GLC9 has to carefully make wise decisions in selecting in their social contributions, and must ensure that the programme fits their budget, is sustainable and could benefit both of them. GLC9-1 also views that the budget limits their creativity in implementing CSR activities. The second challenge pertains to ensuring the right categorisation of CSR as guided by the Silver Book. GLC9 has been involved in CSR activities for many years, however, previously there was no proper guidance and all CSR activities undertaken were informal. Thus, ensuring employees have a better understanding and are able to categorise CSR according to the seven core areas, is a challenge for GLC9. This is evidenced in GLC9-1's statement below:

> *'There are (many) divisions and they do lot of CR, (but) they were unaware what they have been doing is actually CR. This is after one and a half years (we) form a formal CR group. I guess this is our challenge as CR initiator in this company to ensure that every employee understand on how they (should) categorise CR.'*

The above statement shows that GLC9 is concerned with the level of knowledge and understanding of CSR among their employees. Furthermore, since the Silver Book emphasises formal CSR reporting, the management feels that it is important for them to classify their social contributions accordingly. It is believed that GLC9-1 is anxious as this will take some time for employees in GLC9 to adapt to the new guidelines. Her worries and concerns may be due to the fact that while CSR has not been labelled as important, they definitely have to explain it thoroughly to ensure the knowledge reaches their employees.

The other considerable challenge identified by GLC9-1 is to convince some employees who are quietly involved with CSR work to disclose their activities. In her opinion, this is partly due to Islamic belief that helping others should be done with full sincerity and subtlety. This is a challenge for GLC9 as they need to convince these employees that disclosure does not mean boasting to others.

> '*Sometime ... you don't want to tell anybody (and) just do it out of pure own initiative, but what we are trying to educate them is that it's not showing, it's just to put a value on what they have done. The company regards their contribution as valuable. We want to put that in our documentation. ... I think that is our biggest challenge.*' (GLC9-1)

GLC10

The responses from GLC10 portray that they have small challenges in CSR adoption using the Silver Book. GLC10-3 identifies budget as one of the challenges, but she implies that it is not a difficult challenge. This is because they are seeking to match the budget with CSR activities. GLC10-1 describes how they try to reduce the challenges in CSR adoption by conducting field surveys in the selected community area they wish to help. This is evidenced in his statement below:

> '*Usually obstacles exist because company or recipients are not sure what they can get out of it…. So we did survey on the number of household, number of children, parent's job, and monthly salary and so on. We gather all the information and we identified who are the neediest recipients.*'

The statement can be analysed as how GLC10 use a positive strategy in order to get close and know their community better. Furthermore, with the Silver Book guidance, they know they have to create sustainable kinds of CSR activities. By employing this proactive action, this may avoid prejudice from the community that GLC10 is selling their products to them. As he said, once the challenge is over, it is easier for them to have CSR programmes with these people.

GLC10-2 sees the challenges as being more related to the Silver Book itself. The pressure here is in the sense that they have to provide a progress report on CSR to Khazanah, and this report is further submitted to the Prime Minister's Office. What

makes GLC10-2 feel that this is also a challenge is that their amount of contributions is small as compared to other GLCs. Although there is no rule stated about the amount of contributions, they have to provide a report with detailed information on their CSR implementation.

6.6 The Perceptions of the Managers in GLCs Concerning the Outcomes of Current CSR Activities

This section presents the managers' perceptions concerning the outcomes of current CSR activities. The perceptions by all respondents determine how they view the acceptance of the Silver Book which is then translated into CSR activities. It is significant to analyse the perceptions as this reflects any differences, similarities, and improvements in GLCs' CSR activities. This section is organised based on a summary of the most emerging themes from all interviewed GLCs.

1.   Wider Aspects of CSR

The first perception concerning the present outcomes of current CSR activities is a wider aspect or scope of CSR. All the ten GLCs agreed that current CSR activities have a wider focus on the area of contributions. CSR is not limited to assisting the community only. It even extends to employees, customers, suppliers, and the environment. The Silver Book suggests seven areas of contributions which include: human rights, employee welfare, customer service, ethical business behavior, supplier-partnership, community service, and environmental protection. With this information, it helps to enhance the understanding of CSR. Due to the new understanding and knowledge on the broader aspects of CSR, all GLC respondents are mainly adopting six out of the seven areas for their CSR programmes. Some interviewed GLCs explain that human rights receive their least concern because they are confident that there is no such practice by them which could be inhuman or in violation of human rights.

2.   Positive Reputation

The second perception of which nine out of ten GLCs agreed upon is regarding reputation. The perception concerning the outcomes of current CSR activities is that it leads to positive reputation. This includes: a good corporate image, uplifting the

image, developing a better reputation, and responsible organisation. This can be analysed as people give more merit to GLCs as they realize that GLCs are adopting more CSR activities. Active involvement in CSR can also gain people's support, thus all GLC respondents have several CSR activities within the community who are affected by their business operations.

3. Sustainable CSR

The third perception is the evolution of CSR practices from philanthropic activities to more sustainable activities. In this aspect, all the interviewed GLCs agree that the concept of CSR should shift from purely donations and sponsorship to a more sustainable programme which can have economic gain for key stakeholders. This perception has a link with sustainable CSR. Furthermore, business and people need each other. A strong business (with the support of people and other parties) leads to more meaningful CSR programmes. This is justified in the definition of CSR whereby all the GLCs responded that CSR is an act of giving back to the society that is directly or indirectly supporting their business operations. This is translated in the kind of CSR programmes organised by GLCs, which have witnessed an increase in programs, such as education for children, providing housing for poor people, and environmental protection. In terms of environmental protection, there are changes happening inside the organisation in relation to the types of CSR which relate to awareness and environmental policy, and a number of GLCs are in the process of producing their sustainability report.

4. Assisting the Government

The fourth perception about the outcomes of current CSR activities is related to extending a helping hand to the Malaysian Government in the aspect of financial and human resources for the purpose of developing the country and the people. The Government has many other local and international issues to focus on, and GLCs as part of the Government should assist in realising the national agenda, for example the NEP. For support, the ten GLCs cooperate with Khazanah under a national school adoption programme known as PINTAR. The adopted schools are schools which are located in rural areas and not categorised as grade A schools. Although this programme involves school children, this indirectly assists the Government by

helping the community at large. Education has become the main agenda as it is believed through education these children can improve and change their future life, towards improvement. Thus, most GLCs have quite a large number of adopted schools under the PINTAR programme.

5. Commitment to CSR

The fifth perception concerning the outcomes of current CSR activities are related to commitment. The findings can be categorised into two groups. First, all interviewed GLCs are committed to implementing CSR. Implementation is not a great issue as all interviewed GLCs have shown their commitment towards CSR for many years. Previously, all participating GLCs had focused on philanthropy and only a minority of them has already looked at the environment as part of CSR. However, the outcomes of current CSR activities reveal that the majority has a variety of CSR activities including philanthropy, the environment, education, and training. CSR has also become more formal, structured and sustainable and the most obvious transformation is in the aspect of positive CSR disclosure.

Second, all interviewed GLCs admit the structure of outcomes of current CSR activities is partly influenced by the Silver Book. Nevertheless, it is widely admitted that not all GLCs fully apply the guideline except for those they deem relevant. The Silver Book enables GLCs to position the CSR policy of the company in a transparent manner and formally disclose their CSR reports. The findings show that with the guidance of the Silver Book, the ten GLCs currently implement a more formal, systematic procedure, that is structured, focused, and properly documents CSR matters. The majority of them also maintain that their CSR is not being implemented because of the Silver Book as even without it, they will continue to implement CSR. However, as mentioned earlier, the Silver Book assists them towards systematic implementation of CSR.

6.6.1 Summary

It is concluded that there are five different emerging themes concerning the perception of GLCs' managers concerning the outcomes of current CSR activities. They are: a wider aspect of CSR, positive reputations, sustainable CSR, assisting the Government, and commitment to CSR. As a basis, CSR is a noble work (though intentions might be different), and CSR can actually develop a culture of caring for society within an organisation, the country, and also the nation. CSR is not limited to people but also other stakeholders, and if a systematic practice is adopted, CSR can bring long-term benefits to all parties involved. Due to wider scope of CSR, it is significant for GLCs to be more focused, serious and committed, so that they are remembered as a responsible company not just for the business but also for people, key stakeholders, and the environment. GLCs do acknowledged certain effects of the Silver Book on the outcomes of their current CSR activities, for example, in the aspect of formal CSR reporting. However, the findings show that the majority of interviewed GLCs admit that they may not have utilised the Silver Book without Khazanah's effort.

Chapter Seven   Discussion and Conclusions

7.0   Introduction

This chapter presents a discussion on how the Silver Book influences CSR in Malaysian GLCs. It also provides a synthesis of the findings analysed in the previous chapter. The Silver Book is a Malaysian Government initiative that provides CSR guideline for GLCs. These guidelines emphasise the new structure of CSR, which upon adoption should bring value to both the GLCs themselves and the recipients of their social contributions. This research also provides insights into CSR practices across the ten GLCs from among the G20. Khazanah, as the Government's investments arm in Malaysia, has the authority to monitor CSR implementation in GLCs and their adoption of the Silver Book. Whilst it is not compulsory, it is expected that GLCs advocate good business ethics (driven by moral principles and for values) and embed them in their business strategy. The findings are then compared against a CSR model adapted from Wood's (1991) Corporate Social Performance model, and linked to the Stakeholder Theory. This chapter provides methodological limitations, implications of findings for management theory and practice, recommendations for future research, a description of the contribution for research, and concluding comments.

7.1   Key Findings

This section highlights the summary of findings which are structured according to the five research questions. The key finding for the principal research question is regarding the ways the Silver Book impacts on CSR activities in GLCs and four sub-questions: motivation in adopting CSR, CSR process, the challenges in adopting CSR practices using the Silver Book, and the perceptions of the management of GLCs concerning the current outcomes of CSR activities. The key finding for the principle question (the impact of the Silver Book on CSR activities in GLCs) is derived from several questions which include: CSR practices before and after the introduction of the Silver Book, the meaning of CSR after the introduction of the Silver Book, and also defining the Silver Book. As for the sub-questions, the key finding is derived from the research questions, however, it is different for the second sub-question

dealing with the CSR process, as several questions were asked according to the Silver Book in obtaining clear data. The key findings for all research questions are discussed in the next sections.

7.1.1 The Impact of the Silver Book on CSR Activities of GLCs

This section discusses the impact of the Silver Book on CSR activities of interviewed GLCs. It is important to analyse the findings and identify what impact the Silver Book has on CSR activities. The discussion indicates the rationale of the Silver Book towards CSR implementation among GLCs in Malaysia as compared to the previous practices.

7.1.1.1 CSR Practices Before the Introduction of the Silver Book

It is significant to understand CSR practices that were in place before the introduction of the Silver Book as the findings will assist in analysing the impact of the Silver Book on CSR activities in GLCs. GLCs were implementing CSR even before the Silver Book was introduced, and these findings show that GLCs responded almost unanimously in understanding the meaning of CSR even before the Silver Book was introduced. Most responses were undertaking philanthropic work before the silver Book was introduced. Many of the respondents indicated that they thought it was important to give back to the community. The response shows that the perception that GLCs are only obligated to increase their shareholders' wealth can be rejected. This finding is also consistent with the Stakeholder Theory, which suggests that instead of an obligation to increase shareholders' wealth, organisations must take into consideration the other relevant stakeholders of the company as demonstrated by Freeman (1984) and Jones (1980).

The findings are significant to the study as they indicate that GLCs in Malaysia, regardless of what sector they operate in are aware of the profit-sharing between shareholders and other stakeholders such as the community, who are directly or indirectly continuing to support their business. However, it is suspected that there is a lack of knowledge and awareness of the bigger scope of CSR as their understanding is limited within the community, and GLCs have no knowledge of the needs of 'other stakeholders' including employee welfare is also part of CSR. This aspect is

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frequently seen as a responsibility of the Human Resources Department; thus any matters pertaining to employees are not usually seen as CSR within Malaysia. This key finding is consistent with Ramasamy and Hung (2004) who identified that CSR awareness is low among Malaysians with regard to fair business information. The other example is environmental protection. A few of the GLCs treat environmental protection seriously, without knowing that it is part of CSR. Only the senior and top-level management may recognise it as a part of CSR. Furthermore, GLCs whose business nature is related to environmental protection are required to be highly focused on the environment. This can be identified from one of the quotes by GLC9-3: *'previously we looked at Corporate Social Responsibility as just giving donation and sponsorship…'*

With regard to CSR practices before the introduction of the Silver Book, the findings of this study show a trend that is similar. These similarities include: CSR in this context is purely philanthropic; the structure of CSR is ad-hoc, seasonal and informal; the basis of the programme is short-term with no formal CSR monitoring and measurement; and there is a lack of CSR disclosure. Some aspects like CSR disclosure are consistent with Ramasamy and Hung (2004), and Nik Ahmad et al. (2003). These similarities may also results from a CSR culture, whereby there was only a limited understanding of the concept and importance of CSR. The findings are also supported by Khazanah, as Kz1 labels CSR practices in this period as purely philanthropic:

> *'They (GLCs) begin at philanthropy where companies were just giving ad-hoc, and that is corporate philanthropy'*

Based on this situation, one might make an assumption that CSR is new in GLCs, yet most of them have had substantial CSR activities although they have been short-term. The issue is that these have not been properly documented, and this has led to very minimal communication being presented to the public. In other words, CSR reporting in these GLCs was informal, unstructured and not comprehensive; in addition, a lack of guidelines, or specific CSR policy, is another factor which has contributed towards previous CSR approaches in GLCs. These monotonous CSR practices could also be

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linked to the management's priorities in the sense that they which do not view CSR as vital to their business operations.

In summary, all participants understand that CSR is a form of sharing with society, and they agree that philanthropy is the most common CSR practice in their organisation, although there are a few GLCs that have long identified environmental protection as part of their CSR activities. These findings signify that CSR is not a recent activity in all sectors of GLCs even if the activities involved during this period are often related to philanthropic activities.

7.1.1.2 GLCs' Understanding on the Meaning of CSR After the Introduction of the Silver Book

This section discusses how GLCs themselves define CSR since the introduction of the Silver Book. The findings of this study indirectly answer the research questions about the impact of the Silver Book on CSR practices in GLCs in two ways. First, there is consensus among GLCs on what CSR means, with the key finding being that the present meaning of CSR incorporates a wider concept, and it is not simply limited to philanthropic activity. This finding is important as it demonstrates the increasing awareness among GLCs on the concept of CSR, and with this new knowledge it will assist them in implementing wider CSR programmes. All GLCs involved in this study currently realise that there are more values derived from CSR, and the findings also reveal that GLCs have conducted significant CSR activities (based on their basic understanding of CSR) and are frequently surprised when some aspects which are considered to be CSR, are actually familiar to them.

The majority had never viewed CSR as an independent issue due to the fact and nature that it is accepted as a part of doing business. For example, employee welfare and ethical business behaviour are two common practices in GLCs. However, these areas are listed as two of the seven core areas of contributions to society in the Silver Book. Thus, this finding is coherent with the literature, which shows that many organisations are unaware that certain issues are part of business responsibilities (Porter and Kramer, 2006). Hence, the Silver Book has helped organisations to better define CSR with the area of focus based on the seven core areas. Although the

majority believe the seven core areas of CSR are only understood by the top management and the person in charge of coordinating CSR in GLCs, these findings reveal that GLCs are now beginning to understand the wider concept of CSR and its relationship with business, society and other interests. Since the Silver Book's introduction, organisations have placed more value on CSR. This finding supports Davis (1990) who argues that where business and society are interrelated, they must consider the whole social system rather than make solely economic decisions when conducting their business. The Silver Book was designed with the aim of providing clarity and transparency for organisations engaging in CSR. By clearly acknowledging who are the stakeholders, this encourages GLCs to be more responsible to many parties while conducting their business.

Second, aside from highlighting the broader concept of CSR, the Silver Book also adds to GLCs' knowledge of sustainable practices and long-term profitability. This is achieved through enhancing the context of their CSR structure by helping the community, and engraving it in a more sustainable manner which benefits both GLCs and communities. This is consistent with Khazanah which has established a current definition of CSR in GLCs that has moved beyond business obligation. This finding is also consistent with Moir (2001), who contends that CSR can be viewed as socially responsible behaviour (normative or ethical) or as CSR managing corporate image and business achievements (instrumental activities). However, based on the seven areas of social contributions which are accepted by GLCs, CSR in GLCs is defined as descriptive, normative and instrumental. This is clearly reflected in the suggestion, for example: to align CSR and business strategy (which is further discussed in a later section).

In summary, the above findings identify certain similarities in terms of how the participants understand the meaning of CSR. In general, almost all GLCs define CSR as a way of giving back to society which supports them in sustaining their business. However, the findings also reveal that the introduction of the Silver Book has strongly influenced CSR conducted in GLCs, including widening their knowledge on the context of CSR. This is significant, as with this new understanding management is

better placed to communicate CSR objectives within their organisation in a much improved manner, and can expect greater benefits as a result. This will hopefully clear up some negative connotations related to CSR.

7.1.1.3 CSR Practices After the Introduction of the Silver Book

In analysing the influence of the Silver Book on CSR activities, this section looks into CSR practices after the Silver Book was introduced. GLCs are allowed to use their current CSR practices and adapt the guideline from the Silver Book according to their nature of business. The guidelines provide some CSR assessment templates for references however, they are not compulsory for adoption. The key finding shows that all GLCs involved have a different degree of adoption of the Silver Book for their CSR activities. The finding also identifies that several adjustments were made by GLCs on their CSR implementation. The following discussion is structured around three key findings.

First, CSR practices are more structured and focused since the introduction of the Silver Book. The findings reveal that CSR practices in the interviewed GLCs have gradually become more systematic and structured. Many GLCs claim that they have adopted only certain guidelines as they consider the Silver Book to be a set of guidelines rather than rules, but they admit changes have occurred in their CSR practices. The practices are more structured as the GLCs have a clearer picture of CSR as it relates to the stakeholders. This finding supports Hedberg and von Malmborg (2003), who described the GRI guideline as just a reference point rather than an obligation. This means that organisations can choose either to fully comply with the guidelines or to adopt only the aspects they choose. Khazanah stresses that the Silver Book is not designed for compliance, but rather to increase understanding and awareness of CSR. Furthermore, a Corporate Communications Department or CSR Department (in each GLC) has been appointed to manage CSR formally and is given authority to handle CSR matters, but the authority given to these departments to oversee CSR is taken by some people as a public-relations exercise, and hence the Silver Book is seen as more of a marketing exercise than a policy. Thus, it can be determined that CSR has been gaining more recognition and attention from the top

management as it has been made more of a priority amongst GLCs. Current practices reveal that the Silver Book manages to provide better understanding of CSR management, and CSR is now in a state of better planning and execution in the interviewed GLCs. This finding also shows us that no matter which sector the GLCs operate in, they are slowly begin to accept and view the Silver Book as a tool which may assists them in undertaking formalised CSR practices in future.

Second, GLCs are currently beginning to adopt more long-term CSR activities such as those concerning education and environmental protection. According to the Silver Book, the change towards more sustainable CSR programme benefits both the GLCs and the recipients, provided that the GLCs align their CSR with their core business. For example, a school adoption programme known as PINTAR (Promoting Intelligence, Nurturing Talent, & Advocating Responsibility) is a social obligation programme, and is connected to the National Economic Development Programme which is in collaboration with Khazanah.

Based on the findings, it can be said that all GLCs claim that one of the criteria for school adoption is that the school must be near the GLCs' business operations. However, some are exceptional, with a moderate level of academic achievement. The programme is aimed at rural and undeserved schools nationwide with specific PINTAR core modules designed through various enriching activities. The number of schools adopted by GLCs varies, but each has a similar objective which is to provide better education for these children, so that they would be able to contribute back to the country in the future. Khazanah explains the involvement of GLCs in this programme is not because they are forced to do so. This is slightly inconsistent with Porter and Kramer (2006), who suggested that attention to CSR is not a hundred per cent voluntary. The finding disagrees with Porter and Kramer's view as the majority of GLCs look at involvement in the PINTAR programme as a way of helping future generations though it is suspected that without Khazanah's efforts, it may be difficult to obtain voluntary involvement in this programme. All GLCs received clear information that this social obligation is an immense collaboration between GLCs and schools in an effort to assist the Malaysian Government in developing the nation. This

finding is consistent with the research literatures by Carroll (2008) and Porter and Kramer (2006). Carroll stated that CSR can be sustainable if it continues to add value to the organisations, whereas Porter and Kramer believed that CSR could lead to a competitive advantage if a business applies their knowledge, expertise and resources which benefit society. Hence, the findings of this study that are related to the long-term adoption of CSR, such as PINTAR, are consistent with the literature.

Thirdly, the other CSR practice which has changed considerably since the Silver Book was introduced is CSR reporting. Previously, CSR reporting was not a key focus point, and as a result the reporting was very minimal. This practice is clearly seen as all interviewed GLCs reported their CSR briefly under the Chairman's Statement in their Annual Report. The Silver Book manages to influence GLCs in adopting a formal style of CSR reporting as currently it is more comprehensive, and this is clearly corroborated with the Annual Reports from 2007 until 2010. Moving away from disclosing the report under the Chairman's Statement, most GLCs currently allocate a specific section for CSR news. There are a few GLCs which are quite reluctant to reveal all their CSR efforts, however, they are gradually beginning to change.

In summary, GLCs view the Silver Book as useful and comprehensive in terms of structured CSR practices, adoption of long-term CSR practices, and CSR reporting. However, it is not compulsory for GLCs to adopt all of the guidelines for their CSR practices. This is possibly due to the stand that CSR is voluntary, and the Government is gradually educating GLCs to absorb CSR matter seriously and systematically via the introduction of the Silver Book. Khazanah noticed that changes occurred in CSR practices with the emergence of the Silver Book. However, it is lacking in thorough approaches, for example, in the aspect of CSR reporting, scope of focus and type of programmes. The findings signify that the Silver Book influences certain CSR practices in GLCs as compared to previous CSR practices; however, it is hoped that they will adopt most of the guidelines, and hence lead GLCs to better CSR practices and move towards responsible investments and business value.

7.1.1.4 The Meaning of the Silver Book

The other aspect of analysing the influence of the Silver Book on CSR in GLCs is through investigating how GLCs define the Silver Book. The finding informs that all interviewed GLCs view the Silver Book as a guideline for implementing their CSR programmes, and some define it as a kind of framework for formalising CSR implementation. Khazanah defines the Silver Book as a tool that can be used to assist GLCs in improving their CSR practices and identifying their strengths and weaknesses. The majority of GLCs agree that the Silver Book enhances their knowledge and understanding on what actually constitutes CSR, specifically the seven core areas of CSR. Among this homogeneous response, there are a few GLCs that translate it in a more precise way, whereby the guideline is seen as an initiative by the Malaysian Government which represents their intention for GLCs to effectively conduct their CSR implementation.

In summary, all interviewed GLCs have the same definition for the Silver Book, that is viewed as a set of guidelines or a framework to improve their CSR practices. Through the Silver Book GLCs are now more knowledgeable on CSR, and they also believe that the Silver Book conveys the Government's intention to see GLCs adopt a more formal approach towards CSR.

7.1.1.5 Relationship With the Wood CSP model

The Silver Book has certain similarities in the aspect of principles, core responsibilities, and the outcomes with Wood's (1991a) Corporate Social Performance (CSP) adapted model. The Silver Book guideline begins with understanding the guiding principles, is in line with the model which constitutes the principles of CSR at three levels: institutional, organisational, and individual. The above discussion on CSR meaning and practises constitute all the three CSP or CSR principles. For example, the institutional principle which focuses on the shared environment is connected with the first guiding principle of the Silver Book, which emphasises focusing on both shareholders and other key stakeholders. GLCs must clearly understand this sharing principle as to avoid the abuse of its power. Based on the findings, all interviewed GLCs digested this principle in motivating them to

conduct their CSR and this correlates with Jamali and Mirshak (2007), who refer to this as principles which motivate a firm's responsible action. In this aspect, organisations have to accept that they have a certain responsibility towards the community. However, it does not mean business has to be responsible in all aspects. The interdependence between business and society is in line with the CSP organisational principle and the second principle of the Silver Book, which focuses on non-ambiguous practices, and clearly declares which aspect of CSR they are supporting in their policy. This is consistent with Porter and Kramer (2006) who contend that no business can solve society's problems entirely.

The findings also show that the majority of GLCs are focusing on community involvement, employee welfare and environmental protection. This is related to the second phase of Wood's adapted model whereby six elements are included as core elements or core responsibilities. Community involvement can be related to the economic, political, and social elements. Employee welfare and environmental protection are linked to the economic, legal, and ethical aspects. In other words, although GLCs may not fulfil all the elements or responsibilities, the chosen activities definitely have a connection with the other elements. This finding supports Davis (1967), who clearly discussed two aspects that he argued pertain to business responsibility. They are those who defend that business has no responsibility, and those who think that business has a total responsibility. This finding is significant to inform the public that GLCs are concerned for other key stakeholders. Thus, the organisational principle or principle of public responsibility has played a significant role in CSR practices before and after the Silver Book was introduced.

7.1.1.6 Summary

In summary, the discussion shows that the Silver Book impacts on certain aspects of CSR practices and activities of the interviewed GLCs. First, where previously CSR was defined as an act of helping other people who are in need, currently the range of recipient responses to CSR programmes extends to other areas without neglecting the prime objective, which is to enhance shareholder's wealth. Philanthropy is still an important agenda, however, there is more that organisations can contribute to CSR

since the concept of stakeholders has become clearer and the programme is more focused.

Second, CSR practices are more formalised and the focus is towards long-term benefits and values. This is seen as GLCs answer to requests of placing CSR in a vital position by linking it to their core strategy. Analysis also shows that GLCs have started to realise both business and moral duty are significant for business survival. It is consistent with the Stakeholder Theory which contends that management has a moral duty to protect the whole organisation, including the legitimate interests of all stakeholders (Mele, 2008) and maintaining the survival of organisation (Evans and Freeman, 1988).

Third, the aspect of CSR reporting is no longer seen as an optional extra, but as an essential ingredient for organisational performance. Khazanah sees the Silver Book as fostering understanding of CSR for GLCs. They believe that new CSR knowledge explained in the Silver Book has triggered GLCs to be more focused and value the benefits of CSR to their business and stakeholders. Therefore, the guidelines help GLCs to have more control towards CSR and it programmes.

7.1.2 GLCs' Motivation to Adopt CSR

This study identifies several main emerging themes which motivate CSR actions: sincerity, reputation, goodwill and passion, top-level management support, commitment, and teamwork. The themes entail various motivations for CSR implementation derived from the interviewed GLCs, and they indicate the degree of CSR adoption in GLCs at present.

7.1.2.1 Intrinsic Motivation (Sincerity)

The findings reveal that among the themes, sincerity or altruism has received the most feedback. All individual interviewees from interviewed GLCs came under one consensus that sincerity is the main driving factor in implementing CSR within GLCs. Since GLCs have a connection with the Government, a question of pressure cannot be eliminated from the discussion. However, findings reveal no direct pressure is faced by GLCs, either from the Government or Board of Directors, in executing CSR.

Certain GLCs however, feel indirect pressure from Khazanah with respect to the Silver Book compliance, specifically in the aspect of the reporting of CSR related activities to Khazanah. The two main reasons identified by GLCs are redundancy and dictation. Redundancy is interpreted by GLCs as reporting CSR activities based on their own format and also have to submit report to Khazanah based on the Silver Book format. However, ten percent of the interviewed GLCs find that it is not an issue. Dictation is explained by sixty per cent of the interviewed GLCs as a slight pressure, specifically regarding the situation in which the amount of funds contributed for CSR programmes are dictated and compared among GLCs by Khazanah.

The motive of sincerity is believed to be related to philanthropic work, hence there is no profit motive involved. This supports the earlier findings of Bowie and Dunfee (2002) who highlighted that CSR related management tends to avoid conflicts between ethical and profit motives. This theme is also similar to Baron (2001) whereby he stressed that if organisations' involvement in CSR is due to just profit, than they are not motivated by the CSR concept. Before the Silver Book was released, almost all CSR activities implemented by GLCs were related to money donations, charity contributions and sponsorship of money and goods to the underprivileged. These are short-term programmes, and thus no measurement is being made by GLCs for each cent they donate to people. Some GLCs do not even keep a record of these kinds of contributions and just declared them generally in their Annual Report. Several GLCs clearly responded that there is a link between their sincerity and satisfaction, and one of the statements shown below supports the claim:

> *'To give back to society is 'amal jariah'.... and you see the shine in children's eyes ... it brings so much peace. Whoever joined got addicted to do (CSR) every year and the words spread among the staff.'* (GLC3-2)

Some people may question this motive as it sounds rather implausible; however, based on the analysis of the types of CSR programmes GLCs are involved in, such as charity and education, sincerity is a possible motivation factor in CSR.

7.1.2.2 Reputation

Based on the findings, all GLCs agree that reputation plays a role towards CSR implementation. The most common reasons are: image building, positive branding, and economic investment. Firstly, it is believed that if GLCs are actively involved in CSR, it may create a good image, and a positive reputation among the stakeholders. This finding is consistent with Porter and Kramer (2006), Kotler and Lee (2005) and Fombrun (1996), whereby they identified reputation as one of the four justification cases for CSR. Kotler and Lee emphasised that reputation pushes towards good business, and is related to satisfying external audiences, but does not specifically identify who they are. Reputation is no doubt an important element in any business as it is intertwined with more profits. And if involvement in CSR may improve their reputation, they may indirectly experience an increase in their income.

The other justifications include: a license to operate, and a form of insurance at certain times especially if there is a crisis. However, GLCs disagree with the term 'license to operate'. If GLCs are financially stable, they can hope for better opportunities (jobs, social contributions, socio-economic improvement) from these organisations. Thus, it is believed that reputation is not something unscrupulous for the external audiences as they may in fact also be one of the important stakeholders for GLCs. This also correlates with the Stakeholder Theory whereby the organisation has to focus on the wider stakeholders, internally and externally. Caves (1996) is of the same opinion that reputation may have been a motivational factor for higher levels of implementation of CSR. Caves, however, focuses on the multi-national enterprises (MNEs), whereby he identified that two of MNEs' motivations for CSR are employee welfare, and child labour.

Secondly, positive branding is seen as a result that emerges from active CSR implementation. Positive branding is interpreted by certain GLCs as more people recognising their brand, buying their products and indirectly promoting their products to other potential customers. This is in contrast to the comment made by Bhattacharya and Sen (2004) as the study shows there is no strong link between CSR and actual consumer purchasing patterns although some have stated that they considered CSR

before making a purchasing decision. This suggests that somehow CSR influences a purchaser's mind and helps them in making the right decision. Aside from their products, GLCs view that a good brand name will assist them in long term investment of employing a higher calibre, more efficient and effective employees, with more positive outcomes which will benefit GLCs, their employees and other stakeholders.

Thirdly, the findings indicate that economic investment is another motivational factor for several GLCs although there is no specific evidence that CSR may lead to higher economic investment in GLCs. For example, CSR would bring benefits to them in terms of better future investment. This finding is against many past literatures, which show that there is no clear empirical relationship between CSR and financial performance (Griffin and Mahon, 1997, Cochran and Wood, 1984). However, GLCs involved in this study believe in the role of CSR and potential investments which in the long run may strengthen their financial performance.

7.1.2.3 Passion and Goodwill

Passion and goodwill are another two motivational factors that emerge in the findings that pushed GLCs into CSR activities. Some GLCs described that CSR begins with passion, and if there is no passion, one may start feeling pressure to become involved in CSR; even though the majority of the interviewed GLCs claim that no pressure exists in CSR implementation. This finding is slightly different to Baron's (2001) position which is that one may voluntarily do CSR to avoid external pressure which can affect market performance; concurrently, it also does not support Hay and Gray (1977) who explicitly indicated that a business acting responsibly is due to certain external pressure. The two literatures (Baron, 2001; Hay and Gray, 1977) suggest that businesses are acting proactively (which is to act responsibly to avoid pressure) whereas the finding from the interviewed GLCs signifies that there is no pressure in implementing CSR in their organisation. The act of goodwill is linked to feelings of morale. It is obvious that it is difficult to measure the feeling of wanting to help others. However, as has been expressed by some GLCs, the ability to extend help to others gives great satisfaction. According to GLC1-3, '*good things have been*

developed out of CSR …. By having a goodwill and feel (good) as a corporate citizen, we give back to the people.'

7.1.2.4 Top Management Support

Top management support is identified as one of the motivational factors of CSR implementation in GLCs. The finding reveals that all GLCs received strong support from their top management, and this is required if CSR is to be executed as it may secure a significant budget for CSR activities. The full support demonstrates that they are aware and view CSR as an important agenda in business operations. This finding is consistent with Mitchell (2007) who argued that both external and internal social issues are important, but the latter is vital for management as it may affect overall corporate behaviour and corporate performance. Mitchell's stand on this matter is similar to the Silver Book. The Silver Book clearly describes the role of top management (including the Board of Directors) pertaining to CSR implementation without neglecting the principle goal of GLCs, wealth maximisation. This conscience also sends a signal to the whole organisation of how important CSR is to everyone.

7.1.2.5 Teamwork

This study found that teamwork is another motivational factor for CSR implementation. GLCs define teamwork as cooperation received from the employees, suppliers, and the recipients in CSR implementation. The majority of GLCs agree the programmes may not reach their objective (although they are comprehensive) without moral support and volunteers to run the programmes. A few GLCs shared their experience of having several strenuous times in acquiring CSR volunteers and convincing them of the impacts of CSR. Some employees even emphasise that GLCs should act more responsibly towards their own staff rather than to those outside the organisations. Due to a lack of understanding and communication these employees are not aware that the role of Human Resource Department is part of CSR, such as ensuring employee welfare which extends to their families. Husted and De Jesus Salazar (2006:p81) provided one example whereby 'if organisation is not concerned with training, which is necessary for employees' it will affect productivity. Although not all GLCs face this dilemma, now they realise that they have to enhance their

communication on CSR, so that employees are more aware and understand the broader scope of CSR, and hopefully more will sign up as volunteers for CSR activities.

GLCs also believe that suppliers could play a supportive role in ensuring CSR programmes run smoothly. However, all GLCs admit that current CSR implementation has not yet reached their suppliers' knowledge and understanding. It is still limited to internal stakeholders. Furthermore, the aspect relating to business and supplier is covered under the Red Book and not the Silver Book. Other than that, GLCs mostly believe that strong funds (from subsidiaries) will increase motivation to further plan and execute CSR programmes. This is related to teamwork as support shown by the subsidiaries, specifically in terms of funds, will assist GLCs in executing a large scale of CSR programmes. The other point that GLCs strongly assert is regarding teamwork from the recipients of CSR programmes. They can be society at large, schools, clubs and societies, and NGOs. If teamwork exists between these recipients, the programmes will be more meaningful and reach the target that GLCs want. From the perspective of GLCs, the cooperation shown by the recipients adds to the successful formula for CSR which benefits both parties. This finding is consistent with Porter and Kramer (2006) as they view the positive impact achieved by a contributor is determined by the effectiveness of the grantees. The finding is also consistent with Bulcholz and Rosenthal (2005) as both writers view that organisations can become competitive as a result of successful collaboration and teamwork. Thus, teamwork is significant and has a connection with the strategic use of CSR, and partly altruism is one of the motivational factors behind CSR.

7.1.2.6 Responsibility to People

Succinctly, several interviewed GLCs identify commitment or responsibility to people as one of the motivational factors in CSR implementation. This can be analysed as GLCs in achieving the ultimate corporate objective are not neglecting other stakeholders who need their assistance, such as the underprivileged, and are providing better education with the objective of improving economic condition. This situation portrays that GLCs are acknowledging CSR which means that they

recognise the interdependence between business and society. This finding is consistent with Heslin and Ochoa_(2008) whereby both researchers realised that supportive external stakeholders is one of the drivers of CSR.

7.1.2.7 Assisting the Government

Vision 2020, which is aiming for Malaysia to be a developed country, needs GLCs' assistance in realising it. The finding indicates that assisting the Government, in relation to the socio-economic development of Malaysia, is one of the motivational factors for adopting CSR. This finding is consistent with the literature, which emphasises that social responsibility of corporations may assist the Government in addressing social and economic development, especially in developing countries (Buhmann, 2006). This is also corroborated with the Annual Reports of GLCs from 2007 until 2010, whereby most of the CSR activities disclosed are related to education (the PINTAR programme), community welfare development (building houses for people below the poverty line) and some aspects of environmental protection. All these activities are widely known as an agenda for socio-economic development.

The findings also show that a number of GLCs believe that GLCs should be helping the Government for two reasons: firstly, because they receive countless support from the Government; and secondly, they have the resources. Realistically, the Government alone cannot realise its vision without the assistance of GLCs which are more established and have sufficient resources. CSR implementation needs sufficient monetary or non-monetary resources, for example sharing corporate expertise with the communities. This supports Porter and Van der Linde (2000) who stated that CSR as a competitive driver requires appropriate resources (which are efficiently monitored). Though this was discussed in terms of the environment and regulation, it can still be applied here. It is argued that the Silver Book could provide guidelines on how GLCs should foster resources efficiently (especially the costs). Therefore, this could be the reason why the Government is relying on GLCs to assist in the country's social development.

Besides these seven main points which motivate GLCs to adopt CSR programmes, a minority of GLCs acknowledged other factors such as tangible rewards and indirect pressure. Tangible rewards, such as CSR awards and government contracts, are two related rewards. However, the finding shows that GLCs disagree if CSR is adopted because of the KPI. Khazanah's stand on this matter is that the KPI for social contribution is needed because it enhances understanding and creates awareness among GLCs that CSR is valuable and significant for their business.

Indirect pressure is discreetly discussed by few GLCs. For example, if some GLCs are actively involved in CSR, and that places other GLCs in a miserable position, GLCs may be motivated to take CSR seriously if they believe that failing to do so may tarnish their image. This finding is similar to Haigh and Jones (2006) and Bansal and Roth (2000) who argued that strong pressure effects on CSR efforts can be seen across industry and it is mostly important for international companies to operate in locally.

7.1.2.8 Summary

In summary, there are seven important factors identified as motivational factors for adopting CSR by the interviewed GLCs which include sincerity, reputation, passion and goodwill, top management support, teamwork, responsibility to people, and assist the government. Although the majority claimed their CSR is based on a moral principal and sincerity, the benefits of CSR in the long run, which is said may add value to the organisation (Porter and Kramer, 2002), simply cannot be ignored. This reason is believed to have driven GLCs to formalise their CSR practices. The findings suggest motivations for adopting CSR in GLCs have a connection with intrinsic factors rather than extrinsic. The findings also reveal that the Silver Book does not been identified as a motivational factor. However, a close monitoring by Khazanah has brought some indirect pressure for GLCs to adhere to some guidelines outlined in the Silver Book. This indicates that the guidelines are unlikely to be counted upon as CSR motivation for GLCs. However, if monitoring exists in complying with the Silver Book, it may lead to some degree of motivation among GLCs. All GLCs involved in this study have agreed that the Silver Book helps them to understand and

view CSR in a broader scope and treat it formally, however, it is not a driving factor for them to carry out more CSR activities.

7.1.3 CSR Processes Implemented by GLCs

This section discusses GLCs' compliance with the Silver Book guideline, which involves several processes. The findings for the processes are compared against the framework adopted for this study which is adapted from the Corporate Social Performance Model (Wood 1991).

7.1.3.1 Understanding the Guiding Principles

All interviewed GLCs are more conscious of the contents of the principles. Some principles are directly or indirectly embedded in the organisation's objectives or vision and mission. Although there is not much explanation given about this part, overall GLCs clearly understand the three stated principles. The principles can be summarised as focusing on enhancing shareholder returns and stakeholders' needs; proactively contribute to society which creates value; and managing contributions effectively in line with industry norms, best practices and a relevant regulatory framework. The analysis of the findings indicates these principles bring a new CSR identity to GLCs. The first is the scope of stakeholders. Rather than focusing on communities alone, now GLCs realise that the term extends to others like employees. Secondly, the findings show that GLCs have a greater understanding of their relationship with society. This is strongly supported by the Stakeholder Theory whereby there are mutual impacts in the relationship between organisations and a broad variety of stakeholders (Freeman, 1984). This situation can also be interpreted as GLCs beginning to see the value behind the relationship as stated in one of the quotes from the interview:

> '*For us CSR is our responsibility… to engage with the public at large and to contribute back to the economic development ...and actually exert our values that we have in our organisation to the public.'* (GLC10-1)

As for the second principle, which stresses on long term contributions and aligns CSR activities with their core business, the majority of the interviewed GLCs view it as a

message from the Government, of which they should take CSR matters seriously and bring a new phase of CSR implementation. The third principle is seen by GLCs as a constant reminder that that they do not abuse their power, work in line with the industry norms, and within the present laws and regulations. This view is supported by Davis (1973) who emphasises the consequences of irresponsible use of power whereby the firms will face a big loss. Thus, GLCs' understanding of this principle (and the other principles) is vital.

In relation to Wood's Model (1991), there is similarity in that both the Silver Book and the model focus on understanding the principles of CSR. This process informs the first step organisations should consider in utilising their power and being responsible. Understanding the principles is significant as it expresses the fundamental idea of certain action; however, there is a slight difference as the Silver Book relates to understanding the principles as guiding principles whereas Wood refers to her principles as motivation to act. The latter focus indicates that there is a similarity in the fundamental understanding of how an organisation should incorporate CSR as part of their business strategy. Both principles highlight the concept that business and society is interdependent and business must avoid abusing its power. This is consistent with Preston and Post (1975), and Mele (2008) that society's legitimate expectations of business go beyond making profits, and is accepted by GLCs which emphasised that organisations and social institutions are interdependent as they exist and operate in a shared environment. Wood's model of individual principle or managerial discretion stands on the basis that managers have discretion in deciding on actions and choices in fulfilling CSR, and this is essentially similar to the Silver Book's principle. The Silver Book also guides GLCs on discretionary actions and decisions in dealing with CSR.

In summary, both principles stress a greater focus must be asserted on CSR. The interviewed GLCs understand and accept that society's legitimate expectations of business are to be fair. The GLCs' decision to focus on broader stakeholders reduces the feeling of losing their confidence, and hopefully increases their business performance. The Silver Book is believed to play a significant role in reminding

GLCs how they should be more responsible to their stakeholders, and embedding the concept of responsibility throughout their whole business life.

7.1.3.2 Evaluating Starting Position

Under the process of evaluating starting position, the Cost Benefit Assessment (CBA) component receives the most comment from the interviewed GLCs. This assessment is designed to analyse the costs involved and benefits derived from the contribution of CSR. The findings demonstrate that almost 80 per cent of GLCs find CBA, which include the calculation for Net Economic Impact (NEI), is complex. Nevertheless, several GLCs do apply this process for their CSR implementation. The other GLCs openly admit that at present they do not adopt this process as they feel that certain CSR activities cannot be measured by numbers, as evidenced in the following statement:

> *'Evaluation points (are) good. In a sense that if you have a situation where you could evaluate, you want to see the economic value of CSR contributions. But in reality however it's very difficult to put a number there.'* (GLC1-3)

Despite the above comment, the CBA is seen to be useful as it provides an indicator for them to know the net costs they would have to bear if they undertake any CSR activities. This finding supports Husted and De Jesus Salazar (2006) whereby both found that it is not unusual to calculate the CBA of social projects undertaken by governments and inter-governmental organisations. At the same time, a few other GLCs believe that they need more time to learn this process.

In comparison with Wood's model, the Silver Book is more precise in guiding GLCs on the evaluation starting position (before any CSR activity is undertaken), such as the CBA. This part is important as it provides information on the outcomes of CSR activities in terms of economic value. This in fact corresponds with the principles (discussed earlier), that in fulfilling social responsibility, it should also be possible for GLCs to obtain some benefits for their organisations. Wood's model has no guiding assessment like CBA, but it stresses that there must be a balance of interests between organisation and society.

7.1.3.3 Building Blocks for a Socially Responsible Contributions Programme

There are six building blocks for CSR programmes as outlined in the Silver Book: establishing a comprehensive policy on contributions to society; a clear financial spending target; regular enhancement; handling new requests; reporting and communication, and effective governance. However, most interviewed GLCs only responded to five building blocks. This study examines how GLCs responded to six important steps in developing socially responsible contributions programmes.

The first block is establishing a comprehensive policy on contributions to society. The finding reveals that there are only a few interviewed GLCs that have a specific policy on contributions to society since some are in the midst of formulating one clear policy for CSR, and others believe their current general policy is sufficient for CSR implementation. However, all agree that it is a positive move to have one separate and clear policy which discloses what they will or will not support for CSR. In this aspect, it can be analysed that GLCs know if their social contribution policy or guideline is transparent, it helps them in managing their CSR efficiently.

The other new knowledge they have gained from the Silver Book is to ensure alignment between CSR and their core business. The Silver Book has broadened their knowledge as their understanding on the traditional perception of CSR which was limited to money donations and sponsorships is abandoned. New CSR activities should bring value to GLCs and the recipients, and is sustainable. The current situation indicates that the majority are aware that they should threat CSR seriously. This is translated in their actions as they try to align CSR with core business activities, and focus on a long-term CSR rather than a short-term programme. This corroborates with their actions as disclosed in their Annual Reports from 2007 until 2010 whereby all GLCs are involved in a national education programme (in collaboration) spearheaded by Khazanah, known as PINTAR.

The Silver Book suggests seven core areas of CSR. Based on the suggestions, the finding shows certain GLCs may not have yet formulated a solid policy for CSR. The majority, however, has a policy or guidelines on other elements of CSR like ethical

business behaviour, employee welfare, environmental protection, and a specific client charter for customer service. The Silver Book highlights greater stakeholder engagement, and GLCs are expected to support the Ninth Malaysia Plan in their CSR. All interviewed GLCs support at least one or two objectives of the Ninth Malaysia Plan, and almost ninety per cent have focused on community development through combating poverty, improving education, human capital, environmental protection, and others. This situation demonstrates that GLCs are concerned and willing to help ease the Government's burden in developing the country. Khazanah comments that the aid of GLCs aid, benefits more people as the Government alone could not afford to develop the country and improve the economic and social well-being of people.

Wood's adapted model also includes core elements of social contributions. There are six elements: economic, legal, ethical, political, social or discretionary, and environmental. The six elements are in most parts similar with the seven core areas of contribution as outlined in the Silver Book, however, in Wood's model the elements are presented on a grander scale. Carroll (1979) originally identified four elements: economic, legal, ethical, and discretionary responsibility (as discussed in Chapter Four). This process shows that it is important to institutionalise such policy as it may create awareness internally and externally. The majority of GLCs admit that the level of CSR awareness among employees is still low. This is consistent with Moorthy et al., (2010) as they find the level of awareness of CSR among Malaysians is still low. It is understood why this process is essential. It is because if GLCs make it very clear, they are deemed transparent. It is believed that this process could enhance knowledge on CSR especially for the employees, other stakeholders and other people. The Silver Book extends it by requesting an explicit statement on GLC's social contributions policy because it indirectly assists them in rejecting any requests which fall outside their policy. This is consistent with the literature, which shows that there was no agreement to say that business should be involved or address social issues that were unrelated to their economic activities (Tuzzolino and Armani, 1981; Preston and Post, 1975; Jones, 1980; Keim, 1978; Zenisek, 1979). Again, the findings reveal that all GLCs support this idea, but it is not fully translated in their policy

The next three building blocks are a clear financial spending target on contributions to society; handling new requests; and positive reporting and communication. All interviewed GLCs agree that it is vital for them to establish a clear financial target for CSR activities. However, some GLCs do not feel comfortable on the issue of the disclosure of the amount of contribution to CSR. This is due to the reason that being different, in terms of size, resources, type of business and years of establishment, may have an effect on the amount allocated for CSR activities. The findings also reveal that GLCs have a clear budget which is segregated according to the activities and most importantly, it is well documented.

The findings for the building block of handling new requests for CSR are interesting. The Silver Book suggests several processes for GLCs in handling new requests to formalise the process. The findings indicate that CSR matters in the majority of the interviewed GLCs are handled by the Corporate Communications Department and few GLCs have a CSR Department. They are the 'gatekeeper' appointed by the top management. Whether it is handled by the Corporate Communications or CSR Department, according to them it is not an issue. The most important point is that they can manage their CSR systematically, and ensure it is consistent with their core business, social contributions policy and budget. This process sends a clear message to the people that they cannot simply request contributions from a GLC as GLCs may reject any proposal which is not related to their nature of business and CSR policy or guideline. However, few GLCs admit that certain decisions either to accept or reject the request (which is not within their scope of support) are dependent on a case to case basis.

Positive reporting and communication on CSR after the Silver Book was introduced indicates that all interviewed GLCs are facing the overhaul process. The findings clearly show that all GLCs are gradually changing their style of reporting. Before the Silver Book was introduced in the fourth quarter of 2006, reports on CSR were very minimal and it was acknowledged under the Chairman's Statement section of Annual Reports. The year 2007 is considered as a transition period. There are some GLCs which continue reporting their CSR activities under the Chairman's Statement.

However from 2008 onwards, the reporting style for CSR has changed. In 2008, the majority of the interviewed GLCs clearly structured their CSR reports with more information being disclosed. The year 2008 onwards witnessed a few GLCs producing a separate CSR Report, and one interviewee explained that only the established and affluent GLCs could afford to produce a stand-alone CSR report. This finding indicates that GLCs are trying to comply with the Silver Book's requirement in formalising their CSR reporting as it is believed that they can foresee the value in doing so. As a minimum practice, all GLCs admit that they submit reports on CSR to Khazanah as scheduled. Instead of the CSR Report, a minority of GLCs also produce a Sustainability Report which follows the GRI standard.

The last of the building blocks is developing effective governance and organisation. This process involves integrating a contribution policy into daily business, and Board of Directors supervision. In general, the findings for this section indicate that all GLCs accept the role of CSR and its impact towards their businesses. GLCs in fact have specific KPIs and targets for social contributions. For the role of Board of Directors in the CSR agenda, not much is revealed; however, all GLCs admit that they received full support from their top management in restructuring their CSR practices and ensuring its effective governance.

7.1.3.4 Relationship with Wood's CSP Model

In relation to Wood's adapted model, the CSR process is related to the process of corporate social responsiveness (environmental assessment, stakeholder management, and issues management) and management systems and processes. In general, Wood identifies these three actions as processes for handling information; people and groups, and social issues (Wood, 1991a) which are generally quite similar to the Silver Book. For example, the Silver Book also emphasises environmental assessment as it is highlighted under evaluating starting position (scorecard process). This is consistent with Bourgeois (1980), and Bates (1985) whereby both researchers express that organisations must have sufficient information about the external environment before making a further response. The similarities of focus and action is seen in several aspects: aligning the social contribution policy with the Ninth Malaysia Plan

objectives, focusing on the seven core areas of CSR, or handling new requests whereby GLCs have to scan the environment, stakeholder management and issues management and choose the most related objectives, core areas, or requests for their business strategy.

In relation to the fourth phase, management systems and processes, the focus is on internal process. The Silver Book's main aim is to restructure CSR adoption in GLCs. It provides a detailed process for GLCs to comply with before embarking upon any CSR activities. Most interviewed GLCs focus on this part as it provides relevant guidance and a strong structure for their CSR implementation. This can be seen for example, in the guidelines for designing social contribution policy, and emphasises the calculation of CBA which is to analyse the cost and benefits of contributions to society. Based on the comparison, it shows that the process of social responsiveness from Wood's model has a certain similarity with the CSR process outlined in the Silver Book. At the same time, the comprehensive CSR process reflects that the management systems and processes in Wood's model are essential. The application used by Wood's model for process is quite open and flexible whereas the Silver Book is more precise and structured. However, both processes tend to provide a better implementation of CSR by taking into consideration internal and external issues and the environment, so the benefits of CSR reach all parties involved. The processes included in the third phase of Wood's model also have some connection with the challenges in adopting CSR practices, which is discussed in the next section.

7.1.4 Challenges in Adopting CSR Practices Using the Silver Book

The key findings for challenges in adopting CSR practices using the Silver Book show that there are not many challenges faced by GLCs. However, they recognise that there is a combination of elements of external and internal challenges. Each challenge is explained below. The first challenge indicates all interviewed GLCs feel uncomfortable with the large number of requests received asking for contributions, and have to turn away some requests. In many peoples' knowledge, GLCs are wealthy organisations with substantial resources. This is the reason why many individuals, societies, clubs, and NGOs request their assistance for social

contributions. This is consistent with Porter and Kramer (2006), who believe that CSR can become a source of tremendous social progress due to sufficient resources, expertise, and perceptiveness towards activities that are able to benefit society. Their view places certain trust on the success of social programmes with the organisation's involvement. The Silver Book provides guidance on handling new requests whereby any requests which do not meet such criteria like: no alignment with CSR policy, the authenticity of the requests, and the impact of contributions to GLCs, can be rejected. However, GLCs also admit that there are certain exceptional cases whereby they support requests which are outside the scope of their CSR policy. Any requests which have certain political influence are also a challenge to GLCs as they have to contribute according to the politician's instruction. Simultaneously, GLCs already have their plan on CSR based on their criteria and benefits or outcomes for both GLCs and the receivers. Khazanah, however, views the situation of political influence as a matter which can be classified as not a serious challenge, specifically if requests made are for a good cause which is related to CSR, such as helping the underprivileged reside under the politician's constituencies. Although there is no exact statistic about the frequency of CSR related requests by politicians, it is suspected that the number is quite high. This finding supports Wood (1991b), who clearly explained that the principle of public responsibility does not permit a company's CSR to be influenced by any preferences. In this case, GLCs definitely have to disclose their CSR policy to make people aware of their stand on the matter of social contributions.

The second challenge is complying with the CBA assessment. All GLCs admit that it is difficult to calculate the CBA on CSR programmes as not all elements involved can be quantified in terms of monetary contribution. The Silver Book, however, stresses this process is important for GLCs as it assists GLCs in analysing the NEI of CSR. The result informs GLCs regarding how much costs are involved if any CSR activity is undertaken by them, and what the benefits are from the contributions since currently the focus on CSR is moving toward sustainability practice. This is believed will prepare GLCs in their CSR planning and decision-making process. The majority of GLCs admit that the process is beneficial, however, the findings reveal that

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currently not all GLCs adopt this process. It is suspected that, instead of difficulty in complying with NEI assessment, there may be consequences in that certain GLCs are not yet willing to regard CSR as a priority in business. It is understood that Khazanah provides training to familiarise GLCs with the Silver Book, yet the majority of them believes that they need more time to adapt to all requirements. A few GLCs view this situation as a kind of resistance to change. This finding has some connection with Porter and Kramer (2006) whereby they viewed managers without a full understanding of CSR tend to postpone the costs (which secure long-term economic performance). Although they are not directly related, the main focus here is that 'the costs' actually inform businesses about certain impacts on them if it is ignored or complied with (see Weidenbaum, 1981).

The third challenge is the budget for CSR programmes. At this point the findings are split into a major challenge and acceptable challenge. Half of the interviewed GLCs view their limited budget as a challenge as it limits their creativity. With a small budget they cannot proceed with a large scale of CSR activities. The Silver Book does not specify the type of CSR activities GLCs have to implement, however, the perception from people on the amount of contributions from GLCs are definitely high. Furthermore, if they wish to respond to all of the seven core areas of contributions they must allocate a considerably large budget for CSR. The other half of the interviewed GLCs view budget as a constraint, but are simultaneously trying to accommodate a sufficient budget for CSR activities.

The last challenge is the lack of knowledge on the Silver Book among the employees. Since the guideline is mostly familiar to the CSR unit or Corporate Communication Department and top management only, it is a challenge to implement a large scale and formal CSR due to the lack of availability of resources to volunteer. Certain employees even think that there is a great waste of money being spent on CSR when the money could be used to improve employee benefits, without realising the fact that what they receive from the organisation under employee benefits is CSR, which is beyond their knowledge. With a very limited knowledge of CSR, it is no doubt that employees would think along these lines. Moreover, most interviewed GLCs agreed

that this is also caused by their previous adoption of CSR whereby the programmes are mostly unstructured and ad-hoc. This result has convinced GLCs to disclose more information about the Silver Book throughout the organisation. If the knowledge is conveyed to only a small circle of employees, many would not be able to see and understand the value behind the introduction of the Silver Book.

7.1.4.1 Relationship with Wood's CSP model

The main challenge which is too many requests for social contributions is very much connected to internal and external issues. GLCs have to assess and make a detailed analysis before making a decision to implement any CSR activities. This is linked to processes of responsiveness in the Wood's model. The findings show that GLCs received all kinds of requests ranging from economic, political and social aspects. Previous practices saw that they normally accept and respond to the requests. However, with the Silver Book the practices slowly begin to change. GLCs may reject any unfamiliar and doubtful requests which are not aligned with their social contributions policy though there are some exceptional cases. This is consistent with the premise of environmental assessment in Wood's model, whereby organisations must be familiar with the environment in order to respond.

7.1.4.2 Summary

There are four key findings pertaining to challenges in adopting CSR using the Silver Book. The findings indicate that the Silver Book is not a challenge for adopting CSR, and GLCs are not pressured to adopt all guidelines. The main challenge is identified as receiving too many requests for CSR, and in the end some proposals have to be rejected as it is misaligned with GLCs' CSR policy. The adoption of the CBA process which calculates NEI for future CSR activities is a challenge to the majority of the interviewed GLCs. This is due to GLCs view certain aspect of CSR as cannot be easily quantified and immeasurable. Budget constraint is another challenge as several GLCs believe that a limited budget prevents their creativity. The last challenge is to enhance awareness of the Silver Book among the employees of GLCs. This requires GLCs to take a more reactive approach by exercising active internal communication regarding CSR in their organisation. This will hopefully enable the increase in

employees' understanding of the Silver Book and CSR; and their acceptance of the seven core areas of CSR, and the concept of sustainable CSR.

7.1.5 The Perceptions of the Managers Concerning the Outcomes of Current CSR Activities

Five main perceptions are identified regarding the perceptions of the managers concerning the outcomes of current CSR activities. They are: wider scopes of CSR, positive reputations, sustainable CSR, assisting the Government, and commitment to CSR. Firstly, a wider scope of CSR leads to CSR moving beyond philanthropy, which means GLCs could explore it further rather than purely focusing on charity and community. The finding supports Donaldson and Preston (1995: 85) who believe that organisations recognise specific stakeholders and other stakeholders, thus it is the managers' responsibility 'to select activities and direct resources to obtain benefits for legitimate stakeholders'. This finding signifies the clarity of action in CSR among the interviewed GLCs, and it is significant as it informs many people (stakeholders and non-stakeholders) that an organisation is actually acting within the boundary of legitimacy, and not simply spending their money without concrete reasons.

All interviewed GLCs admit that the new knowledge they have gained from the Silver Book is able to assist them in restructuring their CSR practices. Out of the seven core areas of social contributions listed in the Silver Book, almost 95 per cent of GLCs agreed that they have activities in six areas, except for human rights. This is because GLCs believe they had never violated any human rights in their business operations. All managers are also interested in knowing that ethical business behaviour and employee welfare are included in the seven core areas of social contribution. For example, training, promotion, safety in the workplace, and adequate salary are always a main concern for GLCs. These are two vital areas that management is always concerned about, and they are not expected to be part of seven core areas of social contributions. To the management, these areas have been accepted as essential to business operations. These findings also correspond with Wang, (2009), Carroll, (1997) and Kay (1997) in relation to CSR and Stakeholder Theory. Kay, for example explains that shareholders do not own companies, therefore, directors are the trustees

for a variety of beneficiaries (stakeholders), of which shareholders are among them. Thus, it is not a baseless action if GLCs decide to share some profits with wider stakeholders in CSR.

Secondly, there is perception that CSR activities are a catalyst for a positive reputation. Whether it is a huge or small reputation, most GLCs agree CSR could improve their brand and image. The findings, however, show that the majority of them do not have a specific measurement on the actual impact of CSR towards their organisations. Positive reputations are identified as a good corporate image, improving the image, and being seen as responsible. Some people appreciate GLCs' efforts in developing the country but to some others, GLCs are not giving enough assistance as they should be. Thus, GLCs should restructure their CSR and its reporting. The findings and analysis from the Annual Reports of 2007 to 2010 show the outcomes of current CSR programmes have changed. The Silver Book also turns CSR into a more structured and well planned practice. This process is believed to be a catalyst for GLCs to take CSR seriously. Two statements from GLC3 and Khazanah show their perception of the Silver Book; '*it is a very good programme designed by the Government'.* The other comment from Khazanah is; *'the Silver Book is important to actually give them the tools and the guideline to develop their own agenda.'* (Kz-1)

Thirdly, the findings indicate that current CSR activities in the interviewed GLCs have shifted from short-term to long-term activities; are aligned with business objectives and interests; are more focused on education (for example, the PINTAR programme), environmental protection, employee welfare and the community related activities. These findings are consistent with McAdam and Leonard (2003) argument that CSR has always been a major influence in business and it is growing. It can be further discussed here that once organizations view the momentum of CSR practices adopted by some GLCs (no matter under which sectosr), others will try to follow. With increasing understanding of the concept of CSR it is just that they need to realign their CSR with the sector they are in, so as to ensure the activities match their business aims.

The fourth perception is that the outcome of current CSR activities is partly to assist the Government. Although, not all the managers openly discussed the connection, some of the interviewed GLCs perceived in that direction. There are not many complaints on CSR programmes, however, there are a few comments and suggestions being made regarding the Silver Book. From the overall observation on the findings, it appears that GLCs have no objection in assisting the Government in the social and economic development of the country. However, there are two things they found a bit difficult. The first is some political interference, and the second is redundancy in CSR reporting. The findings show that several established GLCs are already using the GRI standard for reporting and have won several awards internationally. With the Silver Book, they also have to write a comprehensive report and this is seen as double the work by some GLCs. Few other GLCs, which have not adopted any international guidelines for reporting, do not have any complaints on reporting, but they do stress that they need some more time to provide a detailed report and a greater budget to produce a single CSR Report.

The fifth perception is that there is an increasing trend towards CSR commitment. All interviewed GLCs explain that they can see the trend of commitment is increasing, specifically at the top level management. The higher commitment and concern towards CSR among the top management could possibly be due to several reasons including KPI, competition with other GLCs and other international companies. Commitment in CSR is one of the vital sections in their KPI. This could possibly enhance top management's awareness, thus, showing extra concern for CSR practices in their organisation. Commitment from employees in GLCs for CSR activities is acceptable. With respect to employees' involvement in CSR, it is suspected that the Corporate Communication Department plays their role accordingly in conveying the information about CSR. However, there are some genuine cases whereby CSR activities are implemented upon employees own initiatives. A few GLCs openly admit they have some dedicated employees towards CSR. However, more efforts need to be made in enhancing their awareness of the Silver Book. In this case, the Corporate Communication Department should be sharing more information about the

Silver Book, in ensuring a suitable CSR implementation. A one sentence remark below shows the way one of the interviewees perceives the Silver Book:

'With the Silver Book guidelines at least we have (a) better understanding of what exactly is the full fledge of CSR activity.' (GLC6-2)

7.1.5.1 Relationship with Wood's CSP Model

The perceptions of the managers concerning the outcomes of current CSR activities are related to Wood's adapted model at several phases which include: core elements of CSR, management systems and processes, and outcomes of corporate behaviour. The perception on a wider focus area of CSR is in-line with the second phase of Wood's adapted model, the core elements of CSR, whereby CSR is not limited to the social aspect only, but extends to economics, legal, ethical, political, and environmental aspects. It also has a connection with Wood's model, management systems and processes. The Silver Book stresses the importance of a detailed guideline system of implementation, and expects that the end results should lead CSR towards sustainability and positive values. This can be seen in the assessment processes before undertaking any CSR activities. Thus, an appropriate management and system of CSR lead to a positive reputation. The perceptions of the type of CSR activities, assisting the Government, and CSR commitment are related to the Wood's model in terms of the outcomes of corporate behaviour component. The perception that CSR is ascending towards long-term activities has a connection with social policies. The perception about assisting the Government is related to the social programmes component of Wood's model, and high commitment is related to the social impacts component. The Silver Book clearly guides towards a formal structure of the CSR adoption process and systems by guiding GLCs to produce a specific CSR policy, and to clearly communicate with transparency (what GLCs will and will not support in CSR) as this leads to: GLCs gaining more respect; having a positive image; making everyone in the organisation committed to CSR: and guiding them in assisting the Government in developing the country.

7.2   Implications for Management Theory

In this study, the contribution to the research gap is to add knowledge about how important a guideline is in improving CSR practices which is voluntary practice. This study has several implications for management theory. First, this study adds knowledge to management theory as only a few literatures briefly explain the roles of the Silver Book towards CSR practices in Malaysia. Darus et al., (2009); and Atan et al., (2011) mentioned the Silver Book in their research, however, it was not in-depth and lacked further arguments, and is mostly presented under the accounting field rather than management. This study links the Silver Book to the management field. The comprehensiveness of the guidelines is comprised of elements of the Stakeholder Theory, Institutional Theory, CSP Theory and several other management related theories. It provides extra milestones, for example, the CBA assessment in ensuring organisations also benefit from any undertaken CSR activities. In other words, these guidelines are adequate in providing comprehensive tools or guidance on how GLCs should embrace their CSR. The guidelines may not represent the complete picture of CSR systems and practices as this thesis shows; however, such guidelines would show empirical support as their constructs are indeed relevant.

Secondly, the findings add to the present literature through the adaption of Wood's CSP model. The adapted Wood's model used in this study offers an additional dimension which includes core elements of CSR, or core responsibilities and management systems and processes. Wood described some of the core elements as part of the principles of CSR and believes the elements act as motivations for CSR implementation. This thesis, however, proposes that elements should stand on their own phase as they provide clear directions on the area of focus in CSR. For example, in this study the findings reveal that the core elements help GLCs to be more specific, and enhance their understanding towards CSR implementation in their organisation. The adapted Wood's model has also been integrated from one component to another rather than presented as free-standing. Therefore, the integration is believed to hold a legitimate place and help organisations evaluate their CSR performance as captured by the last component, social impacts, as it is valid and reliable.

Thirdly, in the aspect of Stakeholder Theory, this study adds to the literature in terms of supporting the need to interrelate the three perspectives: descriptive, instrumental and normative. It is because most previous research only described the normative perspective as the most suitable underpinning perspective of Stakeholder Theory. This theory is suitable and valid in justifying the role of business in CSR as it covers all the three perspectives.

7.3 Implications for Management Practice

The findings of the study presented in this thesis have practical significance to several related parties. As stated in Chapter Two and Four, a formal adoption of CSR practices with the aid of the Silver Book can provide a substantial contribution towards: (1) CSR management (GLCs), (2) CSR guidelines, (3) Khazanah. Each of these areas is discussed below.

The first implication is to improve the aspect of CSR management in GLCs. CSR practices are often placed as a less important function in any business as compared to human resources, finance and accounting, marketing and others, and some view CSR as just a public relations tool. The findings of the thesis have established the interrelation of CSR and business in the long-term (sustainability), and that it is vital for GLCs to ensure the whole organisations are aware, understand and accept the concept of CSR as one of the significant aspects of doing business. This will hopefully reduce the assumptions that CSR is irrelevant, acts only as marketing tactics and is significant during festive seasons only.

The second implication is to respect and value the Silver Book. Although the root of the Silver Book itself is believed to be based on several international guidelines such as those from the ILO, UNDP, GRI, and others, it is comprehensively designed to suit the local requirements and is aligned to the Malaysian Government's vision and mission, of which one is to achieve value through social responsibility. This study is hopefully able to send a message to the GLCs not to view the Silver Book as a second class guideline or as insignificant. In fact if fully complied with, GLCs could experiences better performance outcomes in the future such as competitive advantage and positive reputation.

Thirdly, Khazanah as the 'arm' of Malaysian Government and monitoring body of the GLC Transformation Programme (of which the Silver Book is one initiative) is an important concierge of the Silver Book. Khazanah's role in ensuring all GLCs are able to adopt the Silver Book guidelines for their CSR activities (though there is no penalty given to a GLC which does not comply with the Silver Book) is not a small task. With their authority, Khazanah can ensure better commitment among GLCs towards the Silver Book, which indirectly makes the Silver Book more respected by the GLCs. Due to this situation, the findings of this study are important to Khazanah because it provides information that they can utilise on CSR management, and they can use the findings to inform the Government and discuss the improvement of the Silver Book. The findings reveal several parts that need further modification such as for the part of CBA assessment where GLCs have to calculate the NEI of each CSR activity.

7.4 Limitations of the Study

This study has several limitations that may be improved in future studies. They relate to the influence of the context of the study (GLCs) on the research findings, and the sources of literature, and it is suggested that an extension towards a greater context in future research is required for generalisations to be made. The main limitation is the number of participants or GLCs willing to be interviewed. Although the process of contacting GLCs began seven months before the schedule of data collection which was in December 2009, and many agreed to take part, the number of last minute cancellations was quite high. The initial target of this research was to conduct interviews with as many GLCs as possible. However, it was finally limited to only the top 20 GLCs or widely known as the G20. The G20, however, has fluctuated due to mergers and demergers of several GLCs. As at February 2010, Khazanah listed only 19 GLCs within the G20. Nineteen respondents from all of the G20 would have been ideal to obtain a strong viewpoint and compliance towards the Silver Book and CSR practices, however, only 10 GLCs finally confirmed. There are three kinds of responses which contributed towards the limitation of the study: the first was total rejection; secondly, some did not wish to be interviewed about the Silver Book and were only willing to share information which is posted on the company's website; and

thirdly, there were cases of last minute cancellations by participants. Due to these conditions, this study is unable to aim for broad generalisation of a sample. Thus, the study design addresses this limitation by looking at the generalising analysis and trend of adoption of the Silver Book in GLCs with regards to their CSR activities.

In relation to lack of relevant literature, there is very little literature about the Silver Book, and there is also lack of literature which relates to CSR guidelines and their compliance. Due to this situation, it is rather difficult to make comparisons; however, some past research could strengthen the understanding of CSR guidelines even though it is not that similar. The scope of CSR is wide and universal, however, since this study has a specific focus, perhaps a high number of past related literature would further display a significant relationship among the findings. Although these limitations are acknowledged, it is argued that nonetheless, this study makes a valuable contribution.

7.5 Future research

The GLCs' responses to CSR practices are gaining momentum. This is due to the fact that CSR practices are becoming more formal with the introduction of the Silver Book by the Malaysian Government. As for future research, the focus should be on all G20 members or extend it to general GLCs. This could hopefully help future researchers in obtaining saturated data which can later be generalised for all GLCs about CSR practices using the Silver Book as a guideline. The other aspect is that the evaluation or measurement of the Silver Book implementation and the impact of CSR on GLCs should be the agenda for future research. This action is significant as the results will inform GLCs of how much their CSR contributes back to their benefits and enhances the value of the Silver Book internationally.

7.6 Contribution of the Study

This research is significant to CSR and the management field of study because of several reasons. These include firstly, the knowledge of the Silver Book is valuable to business and CSR practitioners. The guideline can assist them in restructuring their CSR implementation and improve its practices. With regard to the literature, this

thesis adds some valuable components or phases to Wood's CSP model in terms of enriching its elements. For example, the second phase of the model, which consists of CSR core elements, and the fourth phase were not included in the original model. By listing the core elements, it implies that CSR is not a vague matter as claimed by certain people. The core elements should be treated as important elements towards enriching a more sustainable form of CSR practices. The adapted model presented in this thesis reveals clear and distinct value components that are valid and reliable for GLCs.

7.7 Conclusion

This thesis presents an investigation into the influence of the Silver Book towards CSR activities in Malaysian GLCs, and how business can be positively impacted. The main purpose of this thesis is to provide some insight on CSR standards of practice after the Government introduced the Silver Book to GLCs. The Silver Book initiative which exists in conjunction with the GLC Transformation Programme is believed to have a connection with the social development of the country. In achieving a developed country by year 2020, the Malaysian Government needs a helping hand in terms of social development from GLCs as they are established organisations with more stable resources in financial and non-financial aspects. Simultaneously, the Government can focus their strength on other significant matters such as general development, human capital, political stability and others in ensuring Malaysia becomes a developed country. The introduction of the Silver Book indicates that the Government is very serious in encouraging GLCs to formally implement their CSR. This study argues that with the assistance of the Silver Book, CSR implementation becomes more efficient. The guideline is clearly meant for GLCs to be aware that social and economic systems are interdependent. This is supported by Porter and Kramer (2006) who stressed that interdependency is one of the important elements in improving social and environmental activities.

The major conclusion is that GLCs found that the Silver Book is a significant guideline, and it influences certain practices of their current CSR activities. The guideline is valuable in providing a comprehensive direction in restructuring and

formalising CSR. It also has an impact on their CSR activities through a new understanding of the CSR context, and that CSR benefits their organisations as well as stakeholders and shareholders. The study also identifies motivations, processes, challenges and managers' perceptions from various perspectives, materialistic and non-materialistic. However, there are also criticisms in that some interviewed GLCs believe that the Silver Book adoption is redundant compared with the current international guidelines related to CSR, which they are using instead for reporting and guidance. The Silver Book has certain similarities with Wood's adapted CSP model and is consistent with the Stakeholder Theory. For academics, the study has shown the significance of the adapted model in that it is somehow aligned with the Silver Book, and prompts new knowledge. Although some GLCs view the Silver Book as just a guideline which has no legal standing, it indirectly informs that the Malaysian Government is concerned about GLCs' performance, be it in the aspect of economic or social responsibility. However, the issue here is not just about the guideline, it is how willing they are to adopt or comply with the guideline, and where do they place CSR in their organisation. It is believed that the government sees involvement in CSR is increasingly essential to the survival (economically and morally) of GLCs.

It can be finally concluded that the Silver Book brings some changes in CSR understanding, awareness and implementation among the interviewed GLCs, however, the majority of GLCs is of the position that even without the Silver Book, their CSR implementation is gradually improving, and the Silver Book completes the CSR adoption process in GLCs at a one step higher than the previous practices. Overall, the literature cited, and the findings show that it is not perfect at present, but the interviewed GLCs found the Silver Book to be a significant guideline which has improved their understanding on CSR practices to some degree, and has led to the increased implementation of different CSR activities, where they align best with the organisation's activities.

List of Appendices

Appendix 1. Summary of the National Economic Development Policies to Support by GLCs

National Economic Development Policy (NDP) as described in the Ninth Malaysia Plan	Details
Strengthen agriculture/ agro-based industry	Focus on greater commercialisation, creation of high-income farmers and promotion of greater private sector investment
Enhance tourism's contribution to the national economy	Focus through enhancing the country's position as a leading global tourist destination and promoting domestic tourism
Ensure Bumiputera's equity share in the nation's economic growth	Ensure greater Bumiputera participation in the economy, to achieve at least 30% (ownership of share capital) by 2020
Raise the national capacity for knowledge and innovation	Emphasised in investment in human capital
Ensure more effective participation of women in national development	Provide women an enabling working environment, equip women with the necessary skills and knowledge to meet the challenges of a knowledge-based economy
Empower youth for the future	To equip youth with the necessary knowledge and skills, inculcate positive values and good ethics and enhance their role in society
Foster family and community development	Strengthen the family unit, enhance community participation and increase the role of civil societies and NGOs
Address development gaps between rural and urban areas	To narrow development gap, develop rural areas, providing more infrastructure and social amenities and promoting rural growth centres
Attain balanced regional development	Undertake measures to reduce disparities in development between regions and states
Provide accommodation	To ensure that Malaysians of all income level will have access to

to the low-income group	adequate, quality and affordable homes, particularly the low-income group
Improve protection of the environment and conserve natural resources	Ensure sustainable development by intensifying conservation effort, mitigating negative environmental effects and managing natural resources
Enhancing the role of culture and arts and its related industry	To create greater awareness and appreciation of Malaysia's rich cultural heritage
Improve general public's quality of life through sports and better health care	Focus on non-economic factors such as sports culture and quality health care services

(Source: Adopted and adapted from the Silver Book)

Appendix 2. The Ten Principles of the United Nation Global Compact (UNGC)

Human Rights (Social Capital)	Principle 1. The support and respect of the protection of international human rights. Principle 2. The refusal to participate in or condone human right abuses.
Labour (Human Capital)	Principle 3. The support of freedom of association and the recognition of the right to collective bargaining. Principle 4. The abolition of compulsory labour. Principle 5. The abolition of child labour. Principle 6. The elimination of discrimination in employment and occupation.
Environment (Natural Capital)	Principle 7. The implementation of a precautionary and effective programme for environmental issues. Principle 8. Initiatives that demonstrate environmental responsibility Principle 9. The promotion of the diffusion of environmentally friendly technologies.
Anti-Corruption (Social Capital)	Principle 10. The promotion and adoption of initiatives to counter all forms of corruption, including extortion and bribery

(Source: www.unglobalcompact.org)

PARTICIPANT INFORMATION SHEET

Research Title:

CORPORATE SOCIAL RESPONSIBILITY IN GLCs-MALAYSIA: THE INFLUENCE OF THE SILVER BOOK

Ethics Approval No: _____

Researcher: Tuan Nooriani Tuan Ismail, PhD (Management) candidate, School of Management, La Trobe University, Victoria, Australia 3086.
E-mail: tntuanismail@students.latrobe.edu.au

Supervisor: Dr Rosaria Burchielli, Senior Lecturer, School of Management, La Trobe University, Victoria, Australia 3086. Telephone: +613 94792671. E-mail: r.burchielli@latrobe.edu.au

Dear _____,

Thank you for showing interest in participating in my research entitled *Corporate Social Responsibility in GLCs-Malaysia: The Influence of the Silver Book.* Please read this Information Sheet carefully and ask any questions you may have before agreeing to take part in the study.

This study is part of my PhD research. The purpose of this study is to investigate the implementation of the new Corporate Social Responsibility (CSR) guidelines named 'the Silver Book' in Government-Linked Companies (GLCs).

The research will be conducted through a series of interviews with key people in your organization to discuss issues relating to CSR development and implementation processes and the influence of the Silver Book. I also wish to view organisational documents which are related to CSR. The researcher seeks access to two or three of your company's senior managers and access to relevant organisational documents, such as CSR strategy/policy. The researcher will analyse the implementation of CSR in your company, including policies, programs, monitoring and reporting which are taking place in your organization.

Your participation is voluntary and there will be no disadvantage or penalty for not participating or withdrawing from participation in this research.

You are invited to participate in this research by answering 9-10 interview questions. It will take approximately 1 – 2 hours to complete. Your feedback is important for my study in order to understand the implementation of the CSR guidelines in the Silver Book.

All data resulting from this study will be kept private. Information from interview transcripts will be anonymous and confidential. Research files will be kept in lockable storage and only the researcher

will have access to the files. Data from this research will be used in my doctoral thesis and possibly in later publications and conferences. However your anonymity and confidentiality is assured.

If you have any questions, please contact me at tntuanismail@students.latrobe.edu.au, or my supervisor Dr Rosaria Burchielli at rburchielli@latrobe.edu.au.

If you have any complaints or queries that the investigator has not been able to answer to your satisfaction, you may contact: The Secretary, FHEC, Faculty of Law and Management, La Trobe University, Bundoora, 3086 Victoria, Australia, or email: FLM ERGS@latrobe.edu.au.

Yours sincerely,

Researcher signature: Date: .

Appendix 4. Consent Form

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CONSENT FORM

ETHICS APPROVAL NO: <u>50/09 PG</u>

Research Title:

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN GLCs-MALAYSIA: THE INFLUENCE OF THE SILVER BOOK

</div>

In order to participate in this study, this Consent Form must be signed by participant.

I _____ have read and understood the Participation Information Sheet and consent form, and any questions I have asked have been answered to my satisfaction. I agree to participate in this project, realising that I may physically withdraw from the study at any time and may request that no data arising from my participation are used, up to four weeks following the completion of my participation in the research. I agree that research data provided by me or with my permission during the project may be included in a thesis, presented at conferences and published in journals on the condition that neither my name nor any other identifying information is used.

If you have any questions regarding this study you may contact Tuan Nooriani Tuan Ismail, of the School of Management, La Trobe University, Bundoora 3086 Melbourne Australia. If you have any complaints or queries that the researcher has not been able to answer to your satisfaction, you may contact Dr. Rosaria Burchielli (Supervisor) at rburchielli@latrobe.edu.au or Faculty of Law and Management, Secretary Human Ethics, La Trobe University, Bundoora at FLM ERGS@latrobe.edu.au.

Name of Participant (block letters): _____
Signature: Date:

Name of Investigator (block letters): TUAN NOORIANI TUAN ISMAIL
Signature: Date:

Name of Student's Supervisor (block letters): DR. ROSARIA BURCHIELLI

Date:

_____

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Appendix 5. List of Interview Questions

1. How do you define CSR?
2. What does the Silver Book means to you?
3. Does this organisation have a CSR policy? Does the Silver Book influence that policy?
4. Do you see the difference about CSR practices before and after the introduction of the Silver Book?
5. Which type of social responsibility is the main concern of this organisation?
6. How does your organisation interpret CSR as part of business strategy and operation?
7. Does this organisation experience any stakeholder pressure in adopting CSR programmes?
8. How do you view the role of leadership or management in the implementation of the Silver Book guidelines here? How about cooperation from employees?
9. How do you measure your CSR activities?
10. What are the incentives or motivation to implement CSR? How about the Silver Book?
11. Are there any challenges in CSR and in adopting the Silver Book?
12. In your opinion are there links between CSR and organisational performance

Appendix 6. Withdrawal of Consent for Use of Data Form

Withdrawal of Consent for Use of Data Form

Research Title:

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN GLCs-MALAYSIA: THE INFLUENCE OF THE SILVER BOOK

"I, _____(the participant), wish to WITHDRAW my consent to the use of data arising from my participation in the above named project. Data arising from my participation must NOT be used in this research project as described in the Participation Information Sheet and Consent Form.

I understand that data arising from my participation will be destroyed provided this request is received within four weeks of the completion of my participation in this project. I understand that this notification will be retained together with my consent form as evidence of the withdrawal of my consent to use the data I have provided specifically for this research project."

Participant's name (Block Letters):

……………………………………………………………

Signature:

…………………………………………………………

Date:

Please forward to:

Tuan Nooriani Tuan Ismail
School of Management
La Trobe University
Victoria 3086, Australia.

tntuanismail@students.latrobe.edu.au

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