Giving Back Is Always a Good Option
The strategic Corporate Social Responsibility in Corporate Company

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Abstract—To maintain the sustainability of the operations, any firms or organizations should interact well with their stakeholder by meet their expectations. The tool is strategic CSR. Thus, this paper will review the strategic implementation of CSR by corporate firms and it will divide into several sections. The first section is introduction, then following by the overview of CSR definition. The next section is the importance of CSR to the company and social. Meanwhile, the strategic CSR which cover a dimensions of CSR and CSR critical success factor has also covered in the paper. Include in the paper also a driver or motivation or managers to engage in CSR activities. The final part is conclusion.

Keywords—CSR, strategic CSR, corporate company

I. INTRODUCTION

World can be a better place to stay if exist a giving back sentiment. The rich give back to the need. That’s it how Corporate Social Responsibility (CSR) shows the concept of corporate companies carries out their obligations by contribute and create the benefit for the community. The community as a part of the stakeholders plays a vital role to determine the company performance. A support from the stakeholder largely will shape the sustainability of company performance. CSR is a tool for companies to show their commitment towards social issues as the involvement could strengthen the continuity and company’s operation and also to show their existence in the community. [1]. CSR is more about the company act in an ethical way to serve better for the community and they has a set of policies of action to make sure that all the actions taken will give a benefit to the community and the environment. The benefit not just meant for the stakeholders, but definitely the shareholder will enjoy the consequences too.

Nowadays, CSR is an idea where corporate companies considering the needs of society by serve a helps and assistance by programs they held and then the effectiveness of the program will be directly affect the customers, suppliers, employees, shareholders, communities, and other stakeholders. CSR or also known as corporate responsibility, corporate citizenship, responsible business and corporate social opportunity somehow show that companies have the obligation to act in parallel with law order and at the same time deem the welfare of their employees, stakeholders and environment. In a simple notion, CSR refers to company initiatives to handle their business in an ethical and sociable way. CSR includes a variety of programs such as engage with the communities range from education field, arts, health and sports. Other than that, CSR can be a tool for companies or firms to improve their relationships with employees, suppliers, customers and their families and at the same time preserve the environmental sustainability during its operations. [2].

II. WHAT CSR IS

The CSR definitions evolve from time to time and expanding since early of its existence until now. From the philanthropic activities to ethical issues and now CSR aspects merge to economic, legal and discretionary responsibility. The fundamental meaning of CSR was widely accepted by [3], proposed CSR as the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has to organizations at certain of time. [4] has summarized CSR as profit making and accept the responsibility for the profit of the shareholders. Firms should practice social responsibility for a stakeholder such as employees, consumers, government organs, competitors, suppliers, community, and the environment. [5] in his book has come up with a proposition of CSR as (i) firms have a responsibility for their operations consequence on society and the natural environment (ii) firms have a responsibility for others condition and concern to whom they do business; and (iii) that business needs to sustain its relationship with mass society, whether for reasons of business or to improve a society value.

Meanwhile, [6] come out with the definitions of CSR as the way in which business continuously creates a good sentiment in society through economic development, good governance, stakeholder responsiveness and environmental sustainability. In another way, CSR is comprehensive, systemic approach by business that improve, economic, social, human and natural resource. [7], defined CSR as corporate commitment to ethical behavior, particularly related to social equality and environmental improvement. Besides, CSR encapsulates a broad field, ranging from corporate commitments to ethical conduct (employees and
environmental matter) and philanthropic mission by firms in the communities in which they do business [8].

[9] has seen CSR as a form of organizational behavior which reflects the contribution of business to sustainable development. [10], has summarized CSR consists of the obligation arise from the implicit “social contract” between business and community for firms to be responsive to community’s long-run necessity, optimizing the positive effects and reduce the negative effects from their actions to society. [11], defined CSR as the responsibility of the company towards economy, environment, and society. Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and public. Furthermore, business would effectively promote the social interest by console community growth and development and voluntarily eliminating practices that harm the society.

III. CSR, WHY IS IT MATTER?

Look well by doing good. It is suffice to say that CSR is a good investment for a company to gain a good reputation and image. A good firm describe as do their operation in ethical manner and up to the stakeholder anticipation. Stakeholders are importat factors to be concerned regarding to their ability to affect company performance. Although it is a voluntary activity, firms should never feel worry to conduct the CSR activities as CSR will offer some great benefits to be enjoyed by firms. Knowledge of CSR benefits and costs can advise managers’ decisions on their companies’ positions on CSR and prepare input on CSR efforts [12]. According to previous studies, several benefits of CSR have been identified such as follows:

a) Firms

i. Corporate Reputation

Organisations conduct CSR for improving the quality social life upon the stakeholder request. A good intention of CSR work is able to portray a good image of the company. Public will see firms as a good citizen and the entity of stakeholder will put a trust on this company. Result from this action is firms can enhance a corporate reputation. Corporate reputation is important as it is an intangible asset for a corporation and corporate reputation will directly or indirectly affect company performance [13]. By organizing a social activities, put a social concerns on firms and create a value on the firm itself [14].

ii. Consumer’s Trust / Customer Loyalty

Trust and loyalty are two different terms but have a close relationship. Trust is defined as a “willingness to rely on an exchange partner in whom one has confidence” [15]. [16] trust is defined from a consumer perspective as the consumer’s beliefs that corporation will perform in a manner consistent with expectations regarding its expertise, integrity and goodwill. It is believed that when firms able to gain a trust from customers and other entities such as suppliers, investors and regulator, thus it is easy to acquire their loyalty. Consumer trust is basically based on their satisfaction towards the product or services offered by firms. [15] CSR has a direct and indirect on loyalty and indirect influence on loyalty through customer trust. It is important to gain a customer trust as it is serve as a mediator in the relationship between perceived CSR and loyalty.

iii. Financial Performance

Each of the organization either it is small or big scale would aims for a stable financial performance. A good track of financial performance is important for corporate image [17], [18] in their research had found that CSR activities positively impact on financial performance. [19] there is a positive relationship between CSR and company performance and the managers believe that they could creating more money if they invest in CSR activities. [20] Good financial performance create a sufficient resource in which enough to make investment that could enhance the environmental and social performance is adequate to generate a good financial performance because of the competent use of resources and responsible towards the workforce and a stakeholders.

iv. Labour Turnover

A good image company is able to maintain their level of labour turnover. Labour turnover is matter for any firms as it will affect the labour costs related to recruitment and training. Labour or worker is part of the stakeholder in which firms should concern on their expectation and demands. When firm treat them extremely fair, honest and reliable could maintain a good relationship between the employee and employer and enhancing the workers’ productivity besides maintain their loyalty to the firm. [21] has identified issue relates to employee relations and workforce diversity. The examples of the categories are promotion policies affecting women or minorities, family benefits, unionization, pension benefits and layoffs. When the policies are already done by firms, it is a good sign because employees will attach and feel comfort to stay in the organizations. In addition [22], the positive effect from social activities is when it increase a commitment among employees and customers and a level of customers loyalty to firms.

b) Social

The CSR practices do not affect the internal factors of firm, but it also contributes to the external factors such as social welfare. The CSR practices encompass various activities include environment, education, health awareness and nature disasters. [23] the business role to reinventing a development is significant, although sometimes in certain developing country, it is hard to determine the level of development. [24] focusing on CSR pattern in Thailand found that CSR practices in Thailand is different than American and European as Thailand CSR focusing on social and environmental issues, with the decisive objective of human development. The responsibilities taken by corporation shows that they are doing the voluntarily works to enhance the quality life of their employees and families and also to contribute to the community and society. (maimunah ismail, 2009) has states the contributions of CSR in community development such as improve the relationship between business and community, improving a new talents, environment protection, human right issues, inter relationship
between a corporation and community and to achieve a corporate sustainability goals. These roles show how significant of the contributions towards the community development. Hence, it is sufficient to say that business entity play a vital role towards the community and social development issues.

IV. THE STRATEGIC CSR

[28] Going deep of CSR is more than corporate philanthropy boundaries. Strategic CSR programs offer a wide range of firms to learn from the projects they spend on and use that knowledge to create the organization’s core competencies, and concurrently enhance social or environmental conditions. CSR initiatives can be used as learning libraries to learn a different ideas, methods, and procedure without the time pressure and other typical limitation on the delivery of commercially contracted products and services. Experience gained through CSR aspiration can give back into the organization and push new innovations throughout the company. Strategic CSR undertakings provide a strong foundation for organizational learning an innovation while meantime, give the advantage to humanity and worsening environment.

A. THE CSR DIMENSIONS

Bringing a business closer to the communities through CSR activities, a corporate company have approach a key area or key dimensions of focus in sustainability practices. This is to ensure an objective of society’s broader sustainability and conduct the outcome of business operations on local communities, societies and the environment. [26] attempts to find the effect of different dimension on financial performance indicates that each of CSR dimensions differently affect the financial performance measures. The dimension of CSR is basically based on the Triple Bottom Line (TBL) with three main dimensions, economics, social and environmental that focusing on doing a business in appropriate way [27]. Different industries might come with different dimensions of CSR regarding to the business objectives and mission.

i. Environment

[28], the output of environmentally friendly products is a growth business, from organic food to organic cotton shirts to hybrid cars and ethanol fuel. One of dominant role for business corporations need to care for their good sake is to do the operators within the sustainable environment. It is important as employees will feel safe and secure to work with the company. Other than that, a local community will feel confident to the firm and feel safe. The compliance to environment issue entirely shows that firm has fulfilled their obligation within the framework of legal and ethical responsibilities. [24] in developing countries, the business corporations should clearly understand about their role in preserve the continuous healthy environment because the impact will affect the welfare of local community and their generations, and yet will determine the future prospect of the business.

ii. Health

United Nations Development Programme (UNDP) has identified health as a precondition for the sustainable development and the indicator of health in a country portrayed as dimensions for level of development. There is a significant relationship between health outcomes and other measures of social and economic progress. Health determines a development, meanwhile development is a fundamental quality for development. The absolute role of providing a good health service is on government role. However, government itself could find many barriers to provide it all alone. Here, business could prove that they are a good citizen and work ethically through their concern on health issue. The business corporation could do their responsibility by helping government in providing health facilities and create awareness on critical global health issues such as HIV, Malaria, and healthy lifestyle.

iii. Safety

In risky industry such as oil and gas, manufacturing and construction, safety aspects is so important. An effort taken for workplace safety is able to gain a confidence from people to feel safe working in the company. The steps taken and the regulations of safety process will ensure that accidental risk in lowest rate. A commitment towards safety issue is able to address public on how committed of business corporations to the welfare level of their workers and public would give the recognition for all the firms’ effort. Nevertheless, the precaution steps in safety issue enable the corporations to preventing of the business loss if incident in workplace does happen.

iv. Education

(World Bank), education is a significant tool for development and act as strongest instruments to fight poverty, improving health, and move towards the gender equality, peace and stability. Since education has become the critical issue in achieving a desired level of development, CSR focus put the education dimensions in emphasize. Most of large companies has include education in their corporate social investment to develop talent for the company and also for the needs of countries within their operations. As example, Petronas, Shell and Exxon Mobil have awarded a scholarship to a potential candidate and provide the education facilities in certain area of their operations. Meantime, Telekom Malaysia(TM), Tenaga Nasional Berhad (TNB) and Petronas had establishes their own university to show their commitment towards CSR focusing in education.

v. Product

As an ethical citizen, a business corporation should aim for producing a quality, safe, environmentally friendly and follow to law compliance specification. In certain countries that has large Muslim society demand for a Syariah compliance product and it is a responsibility of the firms to produce such product. [29] Product is closely related to customer and business. It is a medium entity to ensure a public acceptance and success operation of the business. The product
specification is always changing according to time and taste of consumers. Besides, it’s also depends on current regulation. As example, current car produces such as Toyota, Honda and Mazda are urged to produce a hybrid car a fuel save and environmentally vehicle. So, the responsibility is on a firms’ shoulder to come out with a desired product.

B. CSR AND CRITICAL SUCCESS FACTOR

[30] stated that it is important to identify a critical success factor before implementing any new project. The success implementation of any project could be measures through the achievement of the goals. In addition, critical success factor will affect all the project phase from formulation until the closing process. [31] proposed that critical success factors are important element to sustain the business performance and the competitiveness. There are six critical success factors that lead to the successful implementation of CSR in organization identified according to [31].

a) Functional Strategies of the Organization

Functional strategy is the direction followed by an organization’s function or department that has no responsibility at the organization level. A functional strategy must then be formed in line with the overall orientation of the larger organization. The areas that affected directly by functional strategies in an organization are staff functions, competence groupings and processes unit. The importance of functional strategy because to avoid a decentralization of power and job in one department that could lead to an innovation constraint.

b) Top management Support

Another recipe to be a successfulness corporate firm is to gain a support from a top management. Top management support is the situation where managers and executives realize the importance of one aspect in organization, in this study is CSR. Beside, [32] states that top management support as the participation and involvement for the emphasize activities. The top management person will motivate and facilitate when they understand the important role and opportunity [33] of CSR. [33] found that a greater support from top management improves budgets for crisis management, ease the crisis containment and promotes planning for major disasters, improved the quality of information and job task and will enhance the prospects of firms’ goals.

c) Organizational ability to Manage Stakeholder Groups

Stakeholder is important groups that firms must maintain a good relation with. To achieve a project success, it is a must to have a good stakeholder management. [34], dealing stakeholders with social responsibility, maintaining and develop a well relationship, and communicating with an involving stakeholder appropriately persistently is a factor contribute to the implementation project success. [35] states that stakeholder management can be profitable to the company if it is on long-term profit generating strategy and result to improving firm’s performance. Besides, the ability of firms to commit with stakeholder groups will give a credit on competitive advantage, bringing up to critical factor of company’s success. [36], the cognizant of the importance of quality in stakeholder communication is necessary to determined that any project achieving its target. Stakeholder demand is relate to social issues or welfare upbringing and it should be met by a company. An inversely business would directly affect the stakeholder trust and impact negatively to the company itself and the stakeholder[37]. [38], a way to build a good relationship with stakeholder is by practising social activities that could increase the level of welfare to the stakeholder.

d) Investment Evaluation/ Benefit Realization

According to [12], there are several implications of benefits from CSR activities. CSR comprises a number of benefit relate to employee welfare and safety, protecting future generations. Other than that, firms believe that CSR helps recruit, motivate and retain employees and CSR enhance the customer-related motivations. In addition, some of the more salient benefits that firms may wish to estimate tax deductions, free advertising, talent motivating, and efficiencies and cost saving in the value chain. Realizing all this benefit, it is a factor for firms motivated to carry out CSR activities.

e) Internal Support

[39] a manager has a big role in shaping the CSR activities in organisation. It is means that any activities relate to CSR is depend on the perceive value of the managers. Managers and executives support has a significant impact on CSR policies. The inside stakeholders have the responsibility of balancing the competing claims of the outsiders against one another to protect the company mission [40].

f) External Support

Government regulations, public pressures on companies to avoid the negative impact during its operation, NGOs, [41]. [40] The external environment can play a major role in the perceived value and success of an organization. Several outside stakeholders may influence the development of an organization’s mission and goals. The external stakeholders demand the company act in the best interest of the greater good of society.

V. THE CSR DRIVERS

When any business involves in philanthropic activities, truthfully they have realize he benefits and consequences or activities they are taking of. The benefits are factors that pull a manager to get involved in this continuous flowing of advantage activities,[7]believes that there are two main factors drive a CSR activities which are extrinsic and intrinsic motives.

A. Extrinsic

A main reason why managers and executives decide to contribute for CSR because of the monetary motives that lead to the financial performance of the company for a long term. [43] confirm that the degree of CSR engagement has a
positive association to corporate reputation and financial performance of the company as the higher the level of CSR involvement, the stronger the impact of market orientation on performance. CSR could enhance to the financial performance of the business. Include too in extrinsic motive is non-monetary benefits including CSR activities which gain a support and commitment from the employee, improve their motivations and satisfaction to the company so they will serve the best for the company and the significant relationship of CSR and employee will directly affect the performance of the business. [44] showed that CSR likely affect the turnover rate of the companies CSR will reduce the employee turnover. In addition, the CSR practices are able to provide a prospect for future employees.

[45] investigated a customer perception of CSR on satisfaction and retention found that enhance a CSR practice will improve a customer satisfaction and loyalty to the company. The philanthropic activities to the community organized by business corporations are positively related with customer satisfaction drive to the revenue growth, customer satisfaction and retention. Customer satisfaction and loyalty are important as it shows a good relationship of customers and the firms. Good relationship between two parties customer and firm drive to the increasing demand of firm’s product. It gives an advantage to the firms over its competitors. [46] found that practicing of CSR is acting a crucial role to improve the brand image and reputation of corporations the customers at international level. CSR can enhance the image and reputation; improve faithful trust and understanding as well as market position. [7] indicated that a friendly and welcomed environment is a positive sign for the firms because firms will bear more cost efficient from the innovations that will improve the entire of business performance.

[14], has listed several factors for motives of firms engage in CSR. The reasons are as follows.

To Build a Good Relationship with Clients.
To Improve Workers Commitment and Benevolence.
To Have the Investors Interest.
To Promote the Social Benefits.
To Enhance a Better Conjunction with Government

B. Intrinsic

Although managers seem likely to conduct the CSR activities based on extrinsic motives, some of the managers put interest on practicing CSR based on intrinsic motives. Intrinsic motives purely on philanthropic motives which locate on the top of [47] four stages pyramid. Firms who conduct the CSR activities purely consider a social development and environment sustainability. The profit or financial motives are free from the intrinsic categories. [7] proposed two types of intrinsic motives: CSR as a moral duty and CSR as an expression of altruism. The moral duty can get through the religion principles or moral teaching means that someone practices the CSR because of the obligation they should do and not for enjoyment purpose. Managers following the obligations and fulfill their duty according to religion principles. Altruism categories proposed that executives may take part in CSR because they really want to do it and enjoy seeing the benefit that peoples gain from the CSR. They seek a satisfaction and happiness from philanthropic practices.

VI. CONCLUSION

The paper provides an insight value of CSR practices in a corporate company. Corporate company plays a great role to overcome a social problems such as resource exhaustion and environmental deterioration. Under this situation, the stakeholders propose and urge companies should not only maximize the interest of shareholders, but also balance the interest among stakeholders, including government, employees, communities and others. Involving in strategic CSR can produce growth in market share, increased organizational learning, retention of deeply engaged employees, support from external stakeholders and desired relationships with investors. To grab a chances for strategic CSR, firms should realize the benefit they will gain and experience from the invest social project. Firms, however should apply a critical success factor to ensure a successful CSR projects to make sure that they will enjoy the benefit later. There are several dimensions should be covered for the effectiveness of CSR projects to the stakeholder. Nurturing potential CSR initiatives become a fundamental aspect for business operations.

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REFERENCES


