

THE CORPORATE SOCIAL RESPONSIBILITY OVERVIEW

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Abstract

Corporate Social Responsibility (CSR) is a tool for companies to show their commitment towards social issues when the corporate involvement could strengthen the continuity and company's operation while at the same time to show their existence in the community. Essentially, CSR is corporate involvement in social activities in which their role is very important to improve the quality of social life in terms of education, health and environmental sustainability. This paper is in conceptual form, attempt to see and describe briefly on the basic concepts and definitions of CSR pioneered by Carroll. Other than that, this paper will discuss on CSR from Islamic perspective, the history of CSR and the motives for why firms engage in CSR. To make the discussion get interesting, a briefly discussion focus on CSR in Malaysia also include in the paper. Finally, the overall discussions are all wrap in conclusion section.

Keywords: *corporate social responsibility, CSR in Malaysia, CSR motives, CSR and Islamic Views.*

INTRODUCTION

By giving it could make the world as a wonderful place to stay. That is how Corporate Social Responsibility (CSR) portrays the concept of corporate fulfilling their obligations by giving back to the community. The community as a part of the stakeholders plays a vital role to determine the company performance. A support from the stakeholder is important to sustain the company performance. CSR is a tool for companies to show their commitment towards social issues as company involvement could strengthen the continuity of operation and to show their existence in the community, (Garriga & Melé, 2004). CSR is more about the company act in an ethical way to serve better for the community and has a bundle of policies in every action to make sure that all the actions taken will give a benefit to the community and the environment. The benefit not just meant to the stakeholders, but also for a shareholder, (Jeyapalan and Shanthi).

Nowadays, CSR is idea where corporate companies taking into account the needs of society by offering the helps from 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 consider the welfare of their employees, stakeholders and environment. In simple understanding, CSR refers to companies' initiative 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 a firm to improve their relationships with employees,

suppliers, customers and their families and at the same time preserve the environmental sustainability during its operations, (Maimunah Ismail, 2009).

CSR has become a very crucial concept to businesses and a point for the success of company's competition and survival. CSR brings the success to any company who practice it. Well, it shows a significant relationship of the companies with their stakeholder and how they manage to maintain the relationship and catch the eye of glimpse from their partners, suppliers and customers. CSR is a very useful strategy for the companies to create and sustain their competitive advantage, (Perumal, Othman, & Mustafa, 2013). (Branco & Rodrigues, 2006) state that CSR is associated with critical issues such as environmental protection, human resources management, health and safety at work, relations with local communities, and relations with suppliers and consumers. The CSR notion itself is playing around with ethical and moral issues regarding to corporate decision making and behaviour. (Merino & Valor, 2011) assumed CSR as a tool to allow a company to develop a competitive advantage, while also meeting a growing social demand for corporate ethics and greater accountability for its social and environmental performance

This paper is a conceptual paper aims to review the meaning, concepts, views and motivations why companies or firms engaged in CSR activities from previous paper. The structure of this paper divided into several parts where the first part is an introduction of CSR, second part is about the history of CSR briefly about where the CSR concepts arose from, the third part is CSR and Islamic views which briefly explain a CSR concept from Islamic views, the next part is CSR definitions and concepts that propose a common meaning of CSR proposed by author from previous research. Other than that, the part discussed briefly about CSR concepts that proposed by (Carroll, 1991). This paper also discussed about the motivations of CSR practices among the companies and firms in the part of why firms engage in CSR activities. To make the discussion interesting, this paper includes a scenario of CSR in Malaysia in a glimpse. The advantage of CSR practices discussed in the impacts of the CSR activities section and the final part is conclusion.

THE HISTORY OF CSR

Corporate social responsibility concepts have begun in early 1900's from western. Western scholar and managers has found that a successful corporation is improving the welfare of its workers and the public welfare (Bowen, 1953) .While (Carroll, 2008) noted that the idea of CSR begins in the late 1800s, but during the time it is hard to confirm whether the philanthropic activities was basically based on individual or business motives. The concept of CSR begun from the activities of wellbeing individuals made a donation and charity works include built a church, funder for education programs, and contribute to social projects. The period of 1870s to 1930s witnessed the beginning concept of CSR where philanthropy or corporate contributions play a main role in the development of CSR. By 1930 until now, prior to the rising of 'corporate period', the companies and firms likely to be seen as an institution that has the obligations to fulfil for the social.

In 1950s, CSR always referred as social responsibility (SR) than corporate social responsibility (CSR). This is because the role of modern corporations' had not yet highlighted. The time frame of 1950s was more conceptual rather than practical as the period for perceptions changing,, and

the managers adapt the concepts of CSR very well. Three core ideas lie on CSR in this era was corporate managers as ethical leaders, a demand for limited source of company and the idea of philanthropy as a contributor to business success,(Carroll, 2008). CSR concepts and practices have been expanded in the 1960s, where the intellectual looking forward to find the very suitable meaning for CSR. (Frederick, 1978) proposed a new meaning of CSR as the actions of private companies to serve to social and economic on a welfare purpose and the resource used for the social welfare can be a tool to constrain a personal interest of the firm. In the 1960s, there is further discussion about CSR and the experts concluded CSR in the era cover the aspects of philanthropy, employee benefits (working environments, partner relations, and personnel procedures), customer and stockholder relations, (Carroll, 1979)

CSR goes advance in 1970s comply with the broadest sense of CSR where the companies must consider the society wants and it should be on the top of economic purposes. The CSR actions show the business's part in helping and develop the social needs. Additionally the issue of CSR found in this era was minority workers, ecology, education, arts and public rights. Thus, (Carroll, 1979) has proposed a new CSR definition as CSR comprise the economic, legal, ethical and discretionary anticipation that the community expects from institutions at a certain point of time. In 1980s a new perspective of CSR had developed. Business ethics is a theme to get much attention prior to widely report ethical problems and corporate inappropriate manners. Corporate Social Performance (CSP), a theory underlying CSR successfully accepted widely. CSP integrates the concepts of responsibility, responsiveness and social issues and put into a framework of principles, processes and policies. Other than business ethics and CSP, one important theme emerges in this period was stakeholder theory proposed by R.Edward Freeman.

The CSR topics growing in 1990s as more themes emerged, such as sustainability and corporate citizenship. More research puts an interest to find the relationship between CSP and financial performance. CSR had been seen as an extensive set of policies, practices and activities that are incorporated through business operations, supply chains and decision making process through the company. Many companies had successfully practiced CSR and gain a good reputation. The 21st century is a time for sophistication, research, different concepts, business custom and global growth of CSR. The empirical and conceptual research covers CSR from many perspectives. Corporate companies and currently Small Medium Enterprise (SMEs) also actively playing their role to fulfil the obligations to community, environment and the stakeholders. CSR catches a glimpse of public and attract the focus of managers. Over the decades, CSR development has been accepted widely and gains the understanding of the companies and the stakeholders. Many definitions arise during this era, but the fundamental is still that corporations need to fulfil their obligations in economic, legal, ethical and discretionary for social and practice the CSR will ensure business sustainability.

CSR DEFINITIONS AND CONCEPTS

The CSR definitions face the evolution and expanding since the early 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 Carroll (1979), proposed CSR as the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has to organizations at a certain of time.

(Sun, 2012) 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. (Frynas, 2009) 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, (Visser, 2011) 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 improves, economic, social, and human and natural resource. (Sklair & Miller, 2010) defined CSR as corporate commitment to ethical behaviour, 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 (Aaron, 2012).

(Madrakhimova, 2013) has seen CSR as a form of organizational behaviour which reflects the contribution of business to sustainable development. (Lantos, 2002), 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. (Hossain, Siwar, Fauzi, Jani, & Bhuiyan, 2013), 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.

The categories of social responsibility are interrelated to each other and the categories show how and where the firm state in during their participations in CSR activities. The categories of responsibilities also could be referred as the motivations or the engine to the implementation of CSR by corporate companies. The four stages pyramid consists of Social responsibilities categories propose by Carroll (1979). The pyramid derived from the definitions that Carroll brought where CSR is an obligation for a firm to fulfil the social wants where CSR encompasses an economy, ethical, legal and discretionary categories of business performance.



Carroll 1979

Economics responsibilities are the basic categories where almost all the firm automatically will fulfil this category. The society's expectations already determined even before the company starts up and economic responsibilities had become the prominent intuition of firm setting. Every manager strives for the profit while the stakeholders expect the firms to provide a quality goods and services and company gain a profit after selling it. The profit then will distribute to the shareholders and also a stakeholder in variant forms such as remuneration, endowment, annual increment and capital expanding. Every company must pass the economic responsibilities before they could go further on the next stage of social responsibilities as this category will contribute for the extend motives of CSR engagement by the companies. The economics categories provide a fund and allocation for companies to act in responsible ways and socially contribute to the community.

Profit solely does not ensure the sustainability of a firm. Stakeholders are expected the firms to manage their business operations accordingly to law responsibilities. Law and regulations have been underlined by the authority and might be different accordingly to customs and practices of one country. Following a rule is a condition of the companies to ensure its survival in the market. Produce quality goods not a harm, offering a courtesy service, and conscious of the environment issues. Firms that following the law responsibilities catch the support from stakeholders compared to their competitors who abide the law demands. The economics and law responsibilities must be met concurrently as it is mutually complete with one another. The effectiveness of practices from economics and law automatically encourages firms to go up one step further on the stage which is ethical responsibilities.

Ethical issues might differ from one country to another. Ethical issues are related to social norms, religion and daily practices and directly reflected to the stakeholders. Business somehow barely noticed the importance of this stage. However, society's expecting that company's doing their operations within the ethical framework. Ethical responsibilities are directly having a

relationship to corporate citizenship where very alert and responsive one firms to social issues, consider that the firms fulfil their obligations at this level. The stage of ethical responsibilities covering justice, fair, right and stay away from harm.

Discretionary responsibilities placed on the top of CSR pyramid and it is depicted as business corporations who reach at this level have a very high sensitivity to social issues and they considered as a good corporate citizen. For the discretionary responsibilities, firm intentions genuinely voluntary without a push from economic and law aspects. Society looks forward for the company as a helping hand during any social issues. Business is expected to give the contributions in the form of financial and human resource to the society and the society definitely gain a benefit from corporate contributions. The issues encompass environmentally, education, arts, human resource management, earth disaster, human rights and poverty.

The four categories of responsibilities required a firm to comply their obligations with social. Despite the categories overlapped between each other, but actually the categories are having a close relation. The CSR practices striving for philanthropy responsibilities, however the practices will not be successfully performed without economic, law and ethics. Three of social responsibilities below the philanthropy are the push factor for a business corporation to conduct the CSR purely on social issues. Economic responsibilities is fundamental that provide a financial fund for the business corporations and the stakeholder, law responsibilities ensure that firms follow the rules accordingly and ethical responsibilities shape the company to act ethically during the business operations.

CSR AND ISLAMIC VIEWS

CSR has long embedded in Islamic root ever since the Quran become a guide in human life. In fact, the values and principles lie in Islam is a foundation for CSR and definitely it is the same concept proposed by Western (Dusuki, 2008). Islamic teaching encompasses a whole aspect of life, such as politic, economic and social. Islam stressed the importance of social welfare to ensure the sustainable development of the Ummah. Man is the vicegerent (khalifah) of God on this earth that has been awarded the mind and they are the best of economic agents if they adhere to all the teachings which God commanded them. The concept of faith and devotion will motivate people to do good and self-interest alone. Individuals or firms that do necessarily guarantee welfare benefits provision in this world and the hereafter. These factors prompted the believers to continue to do well through the concept of social welfare. Obedience to God will encourage firms and individuals to continue doing social responsibility. The Shariah-compliant firms that practice must operate within the scope of social responsibility based on elements proposed by (Carroll, 1991, 1999).

Justice is a main element for Islamic economic systems and to ensure the elements is practicing, Islam has underlined three main methods to be implemented by a human, eliminating of convergent of ownership, appropriate reward factor, and infaq to a non- factor. Islam forbids the convergent of ownership to ensure that the wealth is not cumulate to the certain group. The capitalist economic systems certainly oppose the concept of justice in Islamic principles. Appropriate reward factor should be given to workers or anyone who involved in the production process for the energy they contribute to. The kind of giving could be in wages, rent and profit. Infaq or donate to non- factor is a concept that relate much to CSR where the need to distribute

the production return to peoples in need. Islam stated the group that deserves to receive the help such as disability peoples, orphans, the old folks and the poor. The group must be equally guaranteed to benefit from the economic activity of a country in order to ensure the development of the Ummah. The type of giving is Zakah (compulsory to the affordable peoples) and Sadaqah. The main purpose of income distribution from an Islamic perspective to ensure that the group who receive the assistance able to survive and later they are among the group who contributing.

WHY FIRMS ENGAGE IN CSR

(Graafland & Mazereeuw-Van der Duijn Schouten, 2012) find that little research focus on why firms or corporations act in socially responsible ways. It is important to know the motives of why firms engage in CSR activities, especially for government that intend to give the incentives to encourage the CSR activities. If the financial motives guide the CSR then government can provide the incentives in financial form otherwise if ethical become the drive for CSR then government should aware on providing the incentives as financial incentives could crowd out the ethical motives.

Extrinsic Motives

A main reason why managers and executives decide to contribute for CSR because of the financial motive that lead to the financial performance of the company for a long term.. (Rettab, Brik, & Mellahi, 2008) 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. The CSR activities able to 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. (Galbreath, 2010) 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.

(Hassan & Pauline, 2013) 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. (Hossain et al., 2013) 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. (Graafland & Mazereeuw-Van der Duijn Schouten, 2012) 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.

Intrinsic Motives

Although managers seem likely to conduct the CSR activities based on extrinsic motives, there is 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 (A. B. Carroll, 1991) 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. (Graafland & Mazereeuw-Van der Duijn Schouten, 2012) 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 teachings means that someone practices the CSR because of the obligation they should do and not for enjoyment purpose. Managers following the obligations and fulfil 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.

(Portney, 2008), has discussed a factor for why firms engage in CSR. The reasons are as follows.

To Build a Good Relationship with Clients. This motive significantly relates to a customer based company such as food, toys, apparels and services industry. Apparently, these industries are risky and expose to controversially social issues such as environment, health and safety. CSR is important to gain a trust from the customer for the product they produce. CSR shows that a company has the awareness of social's desire for the safe product and maintain the sustainability of the environment. The Body Shop takes a step ahead than other beauty care companies by implement the value of CSR in range of their products. The value they hold is against the animal testing, support community fair trade, activate self-esteem, defend human rights and protect the planet. All this value contributes one point extra for a Body Shop to attract the customers.

To Improve Workers' Commitment and Benevolence. This reason place CSR as a medium to attract the employees in the company. Each workers would considered a workplace that safe environment, great benefit, and good remuneration. An employee also looking for an employer that have a sensitivity and consideration of workers. A best place to work when the company able to provide a good reward for their workers, flexible time work, permit the workers for charity works and motivations for employee education. The CSR practice improve employee satisfaction and directly contribute to company performance.

To Have the Investors Interest. The future investor always looking for manager that have a moral value in mind. The investors believe that if managers practice a CSR, then it is a good prospect where the benefit from CSR could give a long term profit.

To Promote the Social Benefits. This motive achieves the intrinsic level where firms engage in CSR activities for social benefits. The firm's role is obviously for social development. They involve in charity work, human right program and health awareness. Firms act as a medium to raise any isolated social issues with hope that the issues receive a consideration at the global stage.

To Enhance a Better Conjunction with Government. In line with government policy to encourage the involvement of corporate company in social issues, this motif is considered to coincide with government's policy. This motif refers to the second level in the four stages of the CSR concept

pyramid by (A. B. Carroll, 1991) that the legal aspects are fundamental for companies to comply with the law to ensure a safe and conducive environment. Government offers an incentives to companies that practice CSR and is used by a company edge for smooth operation of a firm. Firms which adopting a CSR prove that they are complies with law and will facilitate cooperation between the firms and government.

CSR IN MALAYSIA

In line with literature of developing countries, the focus of Malaysian CSR framework emphasizes the sound practice of economic, social and environmental performance (Yam, 2013). In Malaysia, CSR is one of the ways that corporations meet their obligations and employees as their larger communities. However, due to (Perumal et al., 2013), many public companies are slower in responding to the issue of CSR, such as preservation and protection of the environment and the social welfare of the community in which they operate. (Saleh, Zulkifli, & Muhamad, 2010) found that only 0.31 percent of the income of Malaysian companies contributes to CSR activities. The figures are considered still low compared to some European Union countries, which spend at least 1 percent of their income for CSR activities. (Lu & Castka, 2009) found that Malaysian companies are only involved with certain aspects of CSR, particularly on philanthropy and public relation (PR) of CSR. However, (Bryan Ching-Wing Lo, 2011) found that most of large companies in Malaysia are taking part in CSR activities considering that CSR practice has long exist in Malaysia but more commitment from the mass required to achieve a sustainable business environment.

There are numerous CSR initiatives such as CSR framework by Bursa Malaysia, The Silver Book (PCG), National Integrity Plan and many non-governmental organizations (NGOs) such as Malaysia Trade Unions Congress (MTUC), the Federation of Malaysia Consumers Association, Consumer Association of Penang, Malaysian Nature of Society, National Cancer Council and WWF Malaysia. The existence of those organisations contribute to a growing publicity about CSR and raise social responsibility issue as well as environmental and health awareness. Corporate local companies play a vital role and shaping the CSR activities in Malaysia because they act as a the main contributor, (Lu & Castka, 2009). The current economic situation shows the importance of participations from corporate companies in social issues.

The motives of CSR engagement by companies might differ according to company size and status of ownership. Large companies make an intrinsic motive to CSR activities while Small Medium Enterprise (SMEs) might have a different motive to participate in CSR activities (Nejati & Azlan, 2009). (Cheng & Jamilah, 2010) from the perspective of MNCs in Penang found that ethical concern is crucial in MNCs CSR initiatives. Besides, legal concern is a fundamental part of the motivation for the organization and thus they perform legal practices and actions within the stakeholder groups. Economic motives are important for both business and non-business stakeholders like employees and managers, customers, local community, suppliers and business partners and secondary stakeholders. The research is based from interviews with senior managers of MNCs Company in Penang.

Research conducted by (Mudzamir and Norfaeizah) among the telecommunication firms had found that the motivations of those telecommunication firms to get involved in CSR activity is to improve the quality of life of community and rated it as highly influential, but for government-owned company, they believe that CSR would improve the profitability and sustainability. Thus, it gives high motivation to do the CSR activities. Two from three telecommunication companies in moderately agreed that CSR can provide a good economic return to the company shareholders. The company also believe by doing a CSR activity, it would portray a good reputation to the public as a socially responsible organization.

However, Malaysian public listed companies seem to view CSR priority differently from other nations. Philanthropic responsibility was still the basic utmost priority preferred. They ranked legal responsibility as the second most important compared with ethical responsibility as suggested by Carroll, and economic responsibility was ranked last, as opposed to philanthropic responsibility, as in Carroll's pyramid. The priority on CSR for the public listed companies in Malaysia was nevertheless different from Carroll's pyramid. It is not surprising that Malaysian public listed companies see corporations' philanthropic responsibility as being more important than their legal responsibility. Although the Malaysian government is trying to enforce greater legislation governing business organizations, but for the respondents in the research obeying the law is the organizations' responsibility least likely to affect their performance (Perumal et al., 2013).

(Zubair & Pauline, 2013), improving CSR practices can maintain its competitive edge through customer satisfaction and retention. This means firms in the retail industry can sustain its market position through CSR practices and can be used as a marketing tool to attract and retain customers. The significant findings of the study about customer satisfaction and retention have implications for retail business management policies rather than pursuing only profit motives as for the benefit of society. Foreign MNCs should be more socially responsible in terms of economic and as well as philanthropy. The most frequent CSR practices among the foreign retail MNCs in Malaysia is ethical CSR followed by legal CSR. The least or most infrequent CSR practice initiated by foreign retail MNCs is philanthropy suggesting that CSR practices engaged by these MNCs are involuntary. The study concludes that improved CSR practices, especially ethical and philanthropy CSR practices would improve customer satisfaction. Also, improved CSR practice such as legal, ethical and philanthropy CSR would improve customer retention.

(Nejati & Azlan, 2009), many businesses practice CSR as a strategic tool to gain competitive advantage, while others still consider it as a cost burden to their organization. The field of CSR has been accompanied by a number of theories and models. While these theories will help understand the responsible business behaviour or large companies, it is naïve to assume that the same theories and models will explain social practices of small business. The underlying difference between small businesses and large companies in terms of size, available resources and managerial style makes the pattern of their social responsibilities different from each other. While large companies might be actively involved in generous philanthropic activities, it is not the same for small business struggling with lack of sufficient financial resources to maintain adequate cash flow.

The overall findings of the study by (Tareq et al., 2013) revealed that practicing of CSR is playing a pivotal role to pick up the brand image and reputation of corporations to the customers in the global arena. Furthermore, the output of the study revealed that the managers of SMEs agreed that they practice CSR because CSR improve image and reputation; build up faithful trust and understanding as well as better market position which improves financial performance of SMEs. The benefit of CSR is not one or two like reputation and image, rather CSR brings a cycle of benefits which come one after another. While research by (Nejati & Azlan, 2009) in their exploratory findings show that Malaysia SMEs are practicing CSR because of their own beliefs and values, religious thoughts, pressure and encouragement from stakeholders. The SMEs, other than the existing legislation regarding environmental issues, named pressure from consumers/customers and suppliers more significantly than other stakeholders in encouraging them to engage in environmental friendly practices and apply to for environmental certificates.

Previous studies had shown that different industries have a different motive for CSR practices. Surprisingly the perceptions are slightly different from what had proposed by (Carroll, 1991). Large companies' practices CSR purely for social needs, but SME's industry makes a CSR as a tool to gain brand image and reputation.

THE IMPACT OF CSR TO BUSINESS AND SOCIAL

Indeed, CSR contributes a positive impact to the firms. (Portney, 2008)describes benefit that firms will receive when CSR become a practices to the firm. The benefit are probability that investors attract to their business, create a good environmental performance for business to do their daily operations, enhance a financial performance and improve the employee motivation. While (Maimunah ismail, 2009) has listed the CSR importance to social development. CSR obviously considered as a tool to improve the quality of social development. CSR contribute a good relationship between firms and society, find talents for corporations, technology transfer, protect the environment, highlights the human right issues, firms and community reliance, eradicate poverty and corporate sustainability mission.

CONCLUSION

This article has been seen and describe briefly the basic concepts and definitions of CSR that was pioneered by Carroll (1979, 1991). Essentially, CSR is corporate involvement in social activities in which their role is very important to improve the quality of social life in terms of education, health and environmental sustainability. Among the motives that drove the firm's involvement in CSR activities is extrinsic and intrinsic factors. Extrinsic factors believed to enhance the image of the firm's financial performance and other customer loyalty to the firm. Several studies have revealed that practicing CSR might improve the company's image and to gain the profit. Intrinsic factor is a factor that is transparent and sincere by firm and free of material interest. In addition, this article discusses CSR from an Islamic perspective. Islamic teachings contained in the basis for developing the principles of CSR.

This paper also focus on CSR motives in Malaysia prior to previous studies. It is apparent from the previous research that MNC industries found that morality and law are motivation for them

to take the responsibility to do CSR and economics is crucial factor for business and non-business stakeholders. While research among the telecommunication firms has discovered that the inspirations of telecommunication firms to take part in CSR practices is enhancing the personal satisfaction and CSR might enhance the productivity and supportability. However, the Malaysian public listed company appears to view the CSR necessity on philanthropic obligation as the fundamental utmost, law as the second most essential following by ethical and last is economic obligation. From the perspective of SME's business, CSR plays a vital device to gain competitive advantage and why Malaysia SMEs is striving CSR due to their own particular convictions and qualities, religious thinking and force and encouragement from stakeholders. Besides, the motives of why SMEs engage in CSR activities is to get the brand image and fame to the clients and to improve their financial performance. It is paramount to know the thought process of CSR practices, particularly for the government and NGO's that need to motivate CSR. On the off chance that outward (economy related) intentions drive CSR, government ought to execute institutional changes that expand (budgetary) motivating forces. Anyhow, if executives are inspired to CSR by innate (moral or philanthropic) thought processes, government ought to be cautious with giving inducement, on the grounds that outward intentions may swarm out inalienable intentions (Graafland, 2012).

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